IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**") nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), nor are you acting on behalf of a U.S. person, the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or persons to whom an offer is being made, as referred to in Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein.

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

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

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

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

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

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

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

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

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

Information Memorandum dated 16 July 2015

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

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

Managed by

Bowsprit Capital Corporation Limited
(UEN/Company Registration No. 200607070D)

S$500,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

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

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

Arrangers

HSBC OCBC Bank

Dealers

CIMB HSBC OCBC Bank

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NOTICE

The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited (together, the "**Arrangers**") have been authorised by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First Real Estate Investment Trust ("**First REIT**") (the "**Issuer**") to arrange the S$500,000,000 Multicurrency Debt Issuance Programme (the "**Programme**") described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

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

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

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

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under the section "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same issue date or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a Global Certificate (as defined herein) in registered form which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonymé* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under the section "Subscription, Purchase and Distribution" on pages 186 **to** 187 **of this Information Memorandum.**

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

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

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

DEFINITIONS

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

"**Agency Agreement**"	:	The Agency Agreement dated 11 April 2013 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended and restated by an amendment and restatement agreement dated 16 July 2015 made between (1) the Issuer, (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent, CDP transfer agent and CDP registrar, (3) The Bank of New York Mellon, acting through its London Branch, as non-CDP paying agent and agent bank, (4) The Bank of New York Mellon (Luxembourg) S.A., as non-CDP transfer agent and non-CDP registrar, and (5) the Trustee, and as further amended, restated or supplemented from time to time.
"**Agent Bank**"	:	The Bank of New York Mellon, acting through its London Branch.
"**Arrangers**"	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited.
"**Business Day**"	:	In respect of each Security, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent's and, in the case of Non-CDP Securities, the Non-CDP Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Securities denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euros and (iii) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**CDP Registrar**"	:	The Bank of New York Mellon, acting through its Singapore Branch.
"**CDP Transfer Agent**"	:	The Bank of New York Mellon, acting through its Singapore Branch.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series, being substantially in the form set out in Part II of Schedule 1 or, as the case may be, Part II of Schedule 5 to the Trust Deed and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**CIS Code**"	:	The Code on Collective Investment Schemes issued by the MAS, as amended or modified from time to time.

"**Clearstream, Luxembourg**"	:	Clearstream Banking, *société anonyme*
"**Common Depositary**"	:	In relation to a Series of Securities, a depositary common to Euroclear and Clearstream, Luxembourg.
"**Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	(a) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (b) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
"**CPI**"	:	Consumer Price Index.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Security**"	:	A definitive Bearer Security, being substantially in the form set out in Part I of Schedule 1 or, as the case may be, Part I of Schedule 5 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
"**Deposited Property**"	:	All the assets of First REIT, including the properties and all of the authorised investments of First REIT for the time being held or deemed to be held upon the trusts under the First REIT Trust Deed.

"**Directors**"	:	The directors (including alternate directors, if any) of the First REIT Manager as at the date of this Information Memorandum.
"**EBITDA**"	:	Earnings before interest, taxes, depreciation and amortisation.
"**Euro**"	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**Euroclear**"	:	Euroclear Bank S.A./N.V.
"**Extraordinary Resolution**"	:	A resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority of at least 75 per cent. of the total number of votes cast.
"**First REIT**"	:	First Real Estate Investment Trust established in Singapore as a collective investment scheme and constituted by the First REIT Trust Deed.
"**First REIT Manager**"	:	Bowsprit Capital Corporation Limited, as manager of First REIT.
"**First REIT Trust Deed**"	:	The trust deed dated 19 October 2006 made between (1) the First REIT Manager, as manager, and (2) the First REIT Trustee, as trustee, as amended, modified and supplemented by a supplemental trust deed dated 6 September 2007, a second supplemental trust deed dated 19 April 2010, a third supplemental trust deed dated 26 April 2011 and a fourth supplemental trust deed dated 1 April 2013, in each case, made between the same parties and as further amended, modified or supplemented from time to time.
"**FY**"	:	Financial year ended 31 December.
"**GFA**"	:	Gross Floor Area.
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) the Common Depositary, (ii) the Depository and/or (iii) any other clearing system.
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons and/or a Talon.
"**Group**"	:	First REIT and its subsidiaries.
"**HGB**"	:	Hak Guna Bangunan.
"**Indonesia Properties**"	:	The properties set out on pages 135 to 158 of this Information Memorandum.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Issuer**" or "**First REIT Trustee**"	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT.
"**Issuing and Paying Agent**"	:	(In relation to any Series of Securities that are to be cleared through the Depository) The Bank of New York Mellon, acting through its Singapore Branch or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Paying Agent.

"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**km**"	:	Kilometres.
"**Latest Practicable Date**"	:	13 July 2015.
"**Listing Manual**"	:	The Listing Manual of the SGX-ST.
"**LMIRT**"	:	Lippo Malls Indonesia Retail Trust.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Master Lease Agreements**"	:	The respective agreements made between the Master Lessee and: (a) in respect of the Indonesia Properties and the South Korea Property, the Offshore SPCs; and (b) in respect of the Singapore Properties, the First REIT Trustee (in its capacity as trustee of First REIT), in relation to the lease of the Properties.
"**Master Lessee**"	:	In respect of: (a) Siloam Hospitals Purwakarta and Siloam Sriwijaya, PT Metropolis Propertindo Utama, a limited liability company incorporated in Indonesia and a party independent from First REIT; (b) the rest of the Indonesia Properties, the Sponsor or its wholly-owned subsidiary, PT East Jakarta Medika; (c) Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home Pte. Ltd.; (d) Pacific Healthcare Nursing Home II @ Bukit Panjang, Pacific Eldercare and Nursing Pte. Ltd.; (e) The Lentor Residence, The Lentor Residence Pte. Ltd.; and (f) the South Korea Property, Park Ki Ju.
"**Non-CDP Paying Agent**"	:	The Bank of New York Mellon, acting through its London Branch.
"**Non-CDP Registrar**"	:	The Bank of New York Mellon (Luxembourg) S.A.
"**Non-CDP Transfer Agent**"	:	The Bank of New York Mellon (Luxembourg) S.A.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The notes to be issued by the Issuer under the Programme.
"**Offshore SPCs**"	:	In respect of: (a) the Indonesia Properties, PT Primatama Cemerlang, PT Graha Pilar Sejahtera, PT Sentra Dinamika Perkasa, PT Graha Indah Pratama, PT Tata Prima Indah, PT Karya Sentra Sejahtera, PT Bayutama Sukses, PT Menara Abadi Megah, PT Dasa Graha Jaya, PT Perisai Dunia Sejahtera, PT Eka Dasa Parinama and PT Sriwijaya Mega Abadi; and

		(b) the South Korea Property, Kalmore (Korea) Limited.
"**Onshore SPCs**"	:	In respect of: (a) the Indonesia Properties, Gold Capital Pte. Ltd., Platinum Strategic Investments Pte. Ltd., Higrade Capital Pte. Ltd., Ultra Investments Pte. Ltd., GOT Pte. Ltd., Lovage International Pte. Ltd., Henley Investments Pte. Ltd., Primerich Investments Pte. Ltd., Rhuddlan Investment Pte. Ltd., Caernarfon Investment Pte. Ltd., Raglan Investment Pte. Ltd. Carmathen Investment Pte. Ltd., Globalink Investments Pte. Ltd., Fortuna Capital Pte. Ltd., Great Capital Pte. Ltd., Key Capital Pte. Ltd., Finura Investments Pte. Ltd. Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd. and Sriwijaya Investment II Pte. Ltd.; and (b) the South Korea Property, Kalmore Investments Pte. Ltd.
"**Overseas Properties**"	:	The Indonesia Properties and the South Korea Property.
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security, being substantially in the form set out in Schedule 3 or, as the case may be, Schedule 7 to the Trust Deed.
"**Perpetual Securities**"	:	The perpetual securities to be issued by the Issuer under the Programme which are expressed to rank as subordinated obligations of the Issuer pursuant to the Conditions of the Perpetual Securities.
"**Perpetual Securityholders**"	:	The holders of the Perpetual Securities.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement, supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 or, as the case may be, Appendix 3 to the Programme Agreement.
"**Programme**"	:	The S$500,000,000 Multicurrency Debt Issuance Programme established by the Issuer pursuant to the Programme Agreement.
"**Programme Agreement**"	:	The Programme Agreement dated 11 April 2013 made between (1) the Issuer, as issuer, (2) the First REIT Manager, as manager of First REIT, (3) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, as amended and restated by an amendment and restatement programme agreement dated 16 July 2015 made between (1) the Issuer, as issuer, (2) the First REIT Manager, as manager of First REIT, (3) The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as arrangers, and (4) CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited, as dealers, and as further amended, varied or supplemented from time to time.
"**Properties**"	:	Properties forming the portfolio of First REIT as at the date of this Information Memorandum comprising the Indonesia Properties, the Singapore Properties and the South Korea Property.

“**Property Funds Appendix**”	:	Appendix 6 to the CIS Code issued by the MAS in relation to real estate investment trusts.
“**REIT**”	:	Real estate investment trust.
“**Registered Securities**”	:	Securities in registered form.
“**Registrar**”	:	(In relation to any Series of Securities that are to be cleared through the Depository) the CDP Registrar or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Registrar.
“**Rupiah**” or “**Rp**”	:	The lawful currency of the Republic of Indonesia.
“**S$**” or “**Singapore dollars**”	:	The lawful currency of Singapore.
“**Singapore Properties**”	:	The properties set out on pages 159 to 163 of this Information Memorandum.
“**Securities**”	:	The Notes and the Perpetual Securities.
“**Securities Act**”	:	The Securities Act of 1933 of the United States, as amended or modified from time to time.
“**Securityholders**”	:	The Noteholders and the Perpetual Securityholders.
“**Series**”	:	(a) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than Variable Rate Notes) interest or (in the case of Perpetual Securities) distribution and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
“**SFA**”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“**SGX-ST**”	:	Singapore Exchange Securities Trading Limited.
“**Shares**”	:	Ordinary shares in the capital of the Issuer.
“**South Korea Property**”	:	The property set out on page 164 of this Information Memorandum.
“**Sponsor**”	:	PT Lippo Karawaci Tbk.
“**sq m**”	:	Square metres.
“**subsidiary**”	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act), and in relation to First REIT, means any company, corporation, trust, fund or other entity (whether or not a body corporate): (i) which is controlled, directly or indirectly, by the Issuer; or (ii) more than half the interests of which is beneficially owned, directly or indirectly, by the Issuer; or

(iii) which is a subsidiary of any company, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or (ii) above applies,

and for these purposes, any company, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by First REIT if First REIT (whether through its trustee or otherwise) is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Conditions.
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 or, as the case may be, Schedule 6 to the Trust Deed.
"**Tranche**"	:	Securities which are identical in all respects (including as to listing).
"**Transfer Agent**"	:	(In relation to any Series of Securities that are to be cleared through the Depository) the CDP Transfer Agent or (in relation to any Series of Securities that are to be cleared through any other clearing system other than the Depository) the Non-CDP Transfer Agent.
"**Trust Deed**"	:	The Trust Deed dated 11 April 2013 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and restated by an amendment and restatement trust deed dated 16 July 2015, made between the same parties, and as further amended, restated or supplemented from time to time.
"**Trustee**"	:	The Bank of New York Mellon, acting through its Singapore Branch.
"**Unit**"	:	An undivided interest in First REIT as provided for in the First REIT Trust Deed.
"**Unitholders**"	:	Unitholders of First REIT.
"**United States**" or "**U.S.**"	:	United States of America.
"**US$**" or "**US dollars**"	:	United States dollars.
"**%**"	:	Per cent.

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

CORPORATE INFORMATION

Issuer	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT)
Registered Office	:	21 Collyer Quay, #10-02 HSBC Building Singapore 049320
Auditors for First REIT	:	RSM Chio Lim LLP
First REIT Manager	:	Bowsprit Capital Corporation Limited
Registered Office	:	50 Collyer Quay #06-01, OUE Bayfront Singapore 049321
Board of Directors	:	Mr Albert Saychuan Cheok Mr Goh Tiam Lock Mr Wong Gang Mr Ketut Budi Wijaya Dr Ronnie Tan Keh Poo
Company Secretary	:	Ms Elizabeth Krishnan
Arrangers of the Programme	:	The Hongkong and Shanghai Banking Corporation Limited 21 Collyer Quay #11-01 HSBC Building Singapore 049320 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers	:	Allen & Gledhill LLP #28-00 One Marina Boulevard Singapore 018989
Legal Advisers to the First REIT Manager	:	Allen & Gledhill LLP #28-00 One Marina Boulevard Singapore 018989
Legal Advisers to the Issuer	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Legal Advisers to the Trustee	:	Shook Lin & Bok LLP #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent	:	The Bank of New York Mellon, acting through its Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

Non-CDP Paying Agent and Agent Bank	:	The Bank of New York Mellon, acting through its London Branch 40th Floor, One Canada Square London E14 5AL United Kingdom
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building - Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg
Trustee for the Securityholders	:	The Bank of New York Mellon, acting through its Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

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

Issuer	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT).
Arrangers	:	The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited.
Dealers	:	CIMB Bank Berhad, The Hongkong and Shanghai Banking Corporation Limited and Oversea-Chinese Banking Corporation Limited and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, acting through its Singapore Branch.
Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent	:	The Bank of New York Mellon, acting through its Singapore Branch.
Non-CDP Paying Agent and Agent Bank	:	The Bank of New York Mellon, acting through its London Branch.
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon (Luxembourg) S.A.
Description	:	S$500,000,000 Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$500,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuer, the First REIT Manager and the Arrangers.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Purpose	:	The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for (a) the purpose of (1) refinancing the existing borrowings of the Group, (2) financing or refinancing the acquisitions and/or investments of First REIT and any development and asset enhancement works initiated by First REIT, (3) financing general working capital purposes and capital expenditure requirements of the Group or (b) such other purpose as may be specified in the relevant Pricing Supplement.
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis, in accordance with the requirements of the Issuer. The Securities may be issued in Series in accordance with the requirements of the Issuer. The terms for each Series

		shall be agreed between the Issuer and the Dealer. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination	:	The Securities will be issued in bearer form or registered form and in such denomination as may be agreed between the Issuer and the relevant Dealer. Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. Each Tranche or Series of registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions, a Certificate shall be issued in respect of each Securityholder's entire holding of registered Securities of one Series.
Custody of the Securities	:	Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Securities which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg.
Record Date for Global Certificates registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/ or Clearstream, Luxembourg	:	So long as the Securities of any Series and/or Tranche are represented by a Global Certificate and the Global Certificate for such Series and/or Tranche of Securities is registered in the name of, or in the name of a nominee of, a common depositary for Euroclear and/or Clearstream, Luxembourg, the "**Record Date**" for such Series and/or Tranche of Securities shall be the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means any weekday on which the relevant clearing system is open for business, excluding 1 January and 25 December.

Compliance with Laws and Regulations	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, *inter alia*, it will comply with, and shall procure that First REIT and the subsidiaries of First REIT comply, with the terms and conditions of all laws and regulations applicable to First REIT and its subsidiaries, including the SFA, the CIS Code, the Property Funds Appendix and other relevant codes and guidelines on collective investment schemes issued by the MAS.
Listing	:	Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Securities is approved, for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a board lot size of at least S$200,000 (or its equivalent in other currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, please see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Securities.
Governing Law	:	The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer.
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ Swap Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

		Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest during the fixed rate period, to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ Swap Rate (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Redemption on Change of Control	:	If so provided on the face of the Note and the relevant Pricing Supplement, if, for any reason, a Change of Control Event (as defined in Condition 6(e)(ii) of the Notes) occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such

		option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) no later than 30 days from the date of the Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
Redemption on Termination of First REIT	:	In the event that First REIT is terminated in accordance with the provisions of the First REIT Trust Deed, the Issuer shall redeem all (and not some only) of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date of termination of First REIT. The Issuer shall forthwith notify the Trustee, the Agents (as defined in the Trust Deed) and the Noteholders of the termination of First REIT.
Redemption upon Cessation or Suspension of Trading of Units in First REIT	:	In the event that (i) the units in First REIT cease to be traded on the SGX-ST or (ii) trading in the units in First REIT on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days.
Negative Pledge	:	So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries of First REIT will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Conditions) or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution of the Noteholders.

Financial Covenants	:	The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any Note or Coupon remains outstanding, it will ensure that: (i) the Consolidated Total Assets (as defined in the Conditions) shall not be less than S$600,000,000; (ii) the ratio of Consolidated Total Borrowings (as defined in the Conditions) to Consolidated Total Assets shall not exceed 0.35 times or such higher ratio as may be permitted under the Property Funds Appendix or the First REIT Trust Deed, provided that in no circumstance shall such ratio exceed 0.50 times; and (iii) the ratio of EBITDA (as defined in the Conditions) to Interest Expense (as defined in the Conditions) shall be at least 3.0 times.
Events of Default	:	See Condition 10 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Taxation" herein.

PERPETUAL SECURITIES

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

		the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Distribution Discretion	:	The Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice to the Trustee, the Issuing and Paying Agent, the Registrar and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than three business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.
Non-Cumulative Deferral	:	Any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an optional amount up to the amount of distribution which is unpaid (an "**Optional Distribution**") in whole or in part by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.
Restrictions in the case of Non-Payment	:	If, on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not and shall procure that none of its subsidiaries shall: (a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of the Junior Obligations of the Issuer or (except on a *pro rata basis*) any of the Parity Obligations of the Issuer; or (b) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Junior Obligations of the Issuer or (except on a *pro rata basis*) any of the Parity Obligations of the Issuer,

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

For the purposes of the Conditions of the Perpetual Securities:

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

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

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

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

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

Set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Perpetual Securities or Coupons relating to them, and each holder of Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding, counterclaim, compensation or retention against the Issuer. Notwithstanding the preceding sentence, if at any time any Perpetual Securityholder receives payment or benefit of any sum in respect of, or arising under or in connection with the Perpetual Securities (including any benefit received pursuant to any set-off, deduction, withholding, counterclaim, compensation or retention) other than in accordance with the Conditions of the Perpetual Securities, the payment of such sum or receipt of such benefit shall, to the fullest extent permitted by law, be deemed void for all purposes and such Perpetual Securityholder shall immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of First REIT's Winding-Up or administration, the liquidator or, as appropriate, administrator of First REIT) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of First REIT) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued to the date fixed for redemption.

Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption), if: (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.
Redemption for Accounting Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council ("**SFRS**") or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of First REIT (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of First REIT pursuant to the Relevant Accounting Standard.

Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution accrued to the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Redemption upon a Regulatory Event	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, at any time at their principal amount, together with distributions accrued from the immediately preceding Distribution Payment Date to the date fixed for redemption, on the Issuer giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable and shall oblige the Issuer to redeem the Perpetual Securities), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that as a result of any change in, or amendment to, the Property Funds Appendix, or any change in the application or official interpretation of the Property Funds Appendix, the Perpetual Securities count or will count towards the Aggregate Leverage (as defined in Condition 5(f) of the Perpetual Securities) under the Property Funds Appendix, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Perpetual Securities will count towards the Aggregate Leverage.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for Winding-Up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for winding-up	:	If (i) an order is made or an effective resolution is passed for the Winding-Up of First REIT or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of three business days after the due date, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-Up of First REIT and/or prove in the Winding-Up of First REIT and/or claim in the liquidation of First REIT for such payment.

Taxation	:	Where the Perpetual Securities are recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. Where the Perpetual Securities are not recognised as debt securities for Singapore income tax purposes, all payments in respect of the Perpetual Securities and the Coupons by or on behalf of the Issuer may be subject to any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by within Singapore or any authority thereof or therein having power to tax in the same manner as distributions on ordinary units of First REIT, and First REIT may be obliged (in certain circumstances) to withhold or deduct tax at the rate of 10% or 17% under Section 45G of the Income Tax Act, Chapter 134 of Singapore. In that event, the Issuer will not pay any Additional Amounts in respect of any such withholding or deduction from payments in respect of the Perpetual Securities and the Coupons for or on account o any such taxes or duties. For further details, please see the section on "Taxation" herein.

TERMS AND CONDITIONS OF THE NOTES

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

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

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

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

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

(b) Title

(i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating such holder.

(iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear, Clearstream, Luxembourg and/or the Depository will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

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

2. No Exchange of Notes and Transfers of Registered Notes

(a) No Exchange of Notes: Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes: Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) **Exercise of Options or Partial Redemption or Purchase in respect of Registered Notes**: In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or exercise notice delivered pursuant to these Conditions and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge**: Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) **Closed Periods**: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of any Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

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

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 10) of First REIT will create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant

Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

(b) Financial Covenants

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

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

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

(iii) the ratio of EBITDA to Interest Expense shall be at least 3.0 times.

In these Conditions:

(1) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group (as defined in the Trust Deed), determined as assets in accordance with generally accepted accounting principles in Singapore;

(2) "**Consolidated Total Borrowings**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

(B) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares or units issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group;

(3) "**EBITDA**" means, in relation to any Test Period, the total consolidated profit of the Issuer for that Test Period;

(A) before taking into account Interest Expense, tax and extraordinary and exceptional items; and

(B) after adding back all amounts provided for depreciation and amortisation for that Test Period;

(4) "**Interest Expense**" means, in relation to any Test Period, the aggregate amount of interest accrued, paid or payable (including any capitalised interest and commissions paid or payable) by the Issuer during that Test Period;

(5) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

(6) "**Test Period**" means each period of six months ending on the last day of each financial half-year and each financial year of the Issuer.

5. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

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

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

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period (as defined below) on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest - Floating Rate Notes

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

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

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

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11.00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Interest Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer, and as adjusted by the Spread (if any); and

(C) if on any Interest Determination Date the Agent Bank is unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any); and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Notes is a Screen Page, subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

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

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

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

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

(c) Rate of Interest – Variable Rate Notes

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

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

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

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

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day after the business day during which the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note is determined:

(1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

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

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

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

(d) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

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

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

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

(c) Floating Rate Period

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

(ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

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

(V) Calculations

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

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

(b) **Notification**

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

(c) **Determination or Calculation by the Trustee**

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

(d) **Agent Bank and Reference Banks**

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

6. Redemption and Purchase

(a) **Final Redemption**

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

(b) **Purchase at the Option of the Issuer**

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option

Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(c) Purchase at the Option of Noteholders

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

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

(d) Redemption at the Option of the Issuer

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

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

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

(e) Redemption at the Option of Noteholders

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

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

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

(1) there is a change of control of Bowsprit Capital Corporation Limited (in its capacity as manager of First REIT) whilst it is the manager of First REIT (the "**First REIT Manager**");

(2) the First REIT Manager is replaced by a new manager of First REIT not controlled by PT Lippo Karawaci Tbk;

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

(4) there is a direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of First REIT and its subsidiaries, taken as a whole, to any person or group; or

(5) a plan is adopted relating to the liquidation or dissolution of First REIT.

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

(f) Redemption for Taxation Reasons

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

(g) Purchases

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

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

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

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

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

(i) Redemption upon Termination of First REIT

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

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

(j) Cancellation

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

7. Payments

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

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

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

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

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

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

8. Taxation

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

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

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

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

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

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

9. Prescription

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

10. Events of Default

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

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

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit) of the earlier of (i) the Trustee giving written notice to the Issuer of the failure to perform or comply and requiring the same to be remedied and (ii) the Issuer becoming aware of the failure to perform or comply;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if that default is capable of remedy, it is not remedied within 21 days (or such longer period as the Trustee may permit) of the earlier of (i) the Trustee giving written notice to the Issuer of such non-compliance or incorrect representation, warranty or statement and (ii) the Issuer becoming aware of such non-compliance or incorrect representation, warranty or statement;

(d) (i) any other indebtedness of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT in respect of borrowed moneys is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

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

(e) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the indebtedness of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT and is not discharged or stayed within 60 days (or such longer period as the Trustee may permit);

(g) any security on or over the whole or any material part of the property or assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);

(h) any step, corporate action or legal proceeding is taken by any person with a view to the winding-up or termination of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT (except (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders by way of an Extraordinary Resolution before that event occurs or (ii) in the case of a Principal Subsidiary, where such winding-up does not involve insolvency and results in such Principal Subsidiary being able to pay all of its creditors in full) or for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT or over all or a material part of the property or assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

(i) the Issuer, First REIT or any of the Principal Subsidiaries of First REIT ceases or threatens to cease to carry on all or a material part of its business or (otherwise than as permitted by, and in accordance with, the provisions of the Trust Deed) disposes or threatens to dispose of (i) all or substantially all of its assets or (ii) any part of its assets which (1) is substantial in relation to its assets or, as the case may be, those of the Group or (2) has or is reasonably likely to have a material adverse effect on the Issuer or First REIT;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.6 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents to which it is a party or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding is current or pending against the Issuer, First REIT or any of the Principal Subsidiaries of First REIT (other than those of a frivolous or vexatious nature which are being contested in good faith and by appropriate proceedings) (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer, First REIT or any of the Principal Subsidiaries of First REIT;

(o) if (i) (1) HSBC Institutional Trust Services (Singapore) Limited ("**HSBCIT**") resigns or is removed; (2) an order is made for the winding-up of HSBCIT, a receiver, judicial manager, administrator, agent or similar officer of HSBCIT is appointed; and/or (3) there is a declaration, imposition or promulgation in Singapore or in any relevant jurisdiction of a moratorium, any form of exchange control or any law, directive or regulation of any agency or the amalgamation, reconstruction or reorganisation of HSBCIT which prevents or restricts the ability of HSBCIT to perform its obligations under any of the Issue Documents or any of the Notes and (ii) the replacement or substitute trustee of First REIT is not appointed in accordance with the terms of the First REIT Trust Deed;

(p) the First REIT Manager is removed pursuant to the terms of the First REIT Trust Deed, and the replacement or substitute manager is not appointed in accordance with the terms of the First REIT Trust Deed;

(q) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h), (i) or (j);

(r) the Issuer or any of the Principal Subsidiaries of First REIT is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and

(s) the Issuer loses its right to be indemnified out of the assets of First REIT in respect of all liabilities, claims, demands and actions under or in connection with any of the Issue Documents or the Notes.

In these Conditions,

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

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

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

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

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

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

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

11. Enforcement of Rights

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

12. Meeting of Noteholders and Modifications

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

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

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

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

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

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

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

15. Indemnification of the Trustee

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

16. Notices

Notices to the holders of Bearer Notes will be valid if published in a leading newspaper in the English language of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing.

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

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

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

Notwithstanding the other provisions of this Condition 16, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Contracts (Rights of Third Parties) Act

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

18. Acknowledgement

(a) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, the Trustee, the Noteholders and the Couponholders acknowledge that HSBCIT has entered into the Trust Deed only in its capacity as trustee of First REIT and not in its personal capacity and all references to the Issuer in the Trust Deed, the Notes and the Coupons shall be construed accordingly. Accordingly, notwithstanding any provision to the contrary in the

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

(b) Notwithstanding any provision to the contrary in the Trust Deed, the Notes and the Coupons, it is hereby agreed and acknowledged that the Issuer's obligations under the Trust Deed, the Notes and the Coupons will be solely the corporate obligations of HSBCIT and the Trustee, the Noteholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of HSBCIT for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Notes and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or wilful default of the Issuer or otherwise.

(c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Notes and the Coupons shall be brought in its capacity as trustee of First REIT and not in HSBCIT's personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Noteholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or wilful default of the Issuer or otherwise.

19. Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) **Jurisdiction**: The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Coupons or the Talons (the "**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

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

Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent
The Bank of New York Mellon, acting through its Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

Agent Bank and Non-CDP Paying Agent
The Bank of New York Mellon, acting through its London Branch
40th Floor, One Canada Square
London E14 5AL
United Kingdom

Non-CDP Registrar and Non-CDP Transfer Agent
The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

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

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being. For the purposes of these Conditions, all references to (a) "**Agents**" means the Paying Agents, the Agent Bank, the Registrars and the Transfer Agents and any other agent or agents appointed from time to time with respect to the Perpetual Securities, (b) the "**Issuing and**

Paying Agent" shall, with respect to Non-CDP Perpetual Securities be deemed to be a reference to the Non-CDP Paying Agent, (c) the "**Registrar**" shall, in the case of Perpetual Securities to be cleared through the CDP System, be deemed to be a reference to the CDP Registrar and, in the case of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Registrar, and (d) the "**Transfer Agent**" shall, in the case of Perpetual Securities to be cleared through the CDP System, be deemed to be a reference to the CDP Transfer Agent and, in the case of Non-CDP Perpetual Securities, be deemed to be a reference to the Non-CDP Transfer Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

1. Form, Denomination and Title

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Denomination Amount shown hereon.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

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

(b) Title

(i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating such holder.

(iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear, Clearstream, Luxembourg and/or the Depository will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

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

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

(a) No Exchange of Perpetual Securities: Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities: Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar, the Transfer Agent and the Trustee. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request. No transfer of title to a Perpetual Security will be valid unless and until entered on the Register.

(c) **Exercise of Options or Partial Redemption or Purchase in respect of Registered Perpetual Securities**: In the case of an exercise of the Issuer's option in respect of, or a partial redemption or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) **Delivery of New Certificates**: Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or any other Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) **Closed Periods**: No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days ending on the due date for redemption of any Perpetual Security (ii) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (iii) after any such Perpetual Security has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

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

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

(b) **Subordination**: Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9) of First REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of First REIT, and thereafter, such Perpetual Securityholder were the holder of one of a class of preferred units in the capital of First REIT (and if more than one class of preferred units is outstanding, the most junior ranking class of such preferred units) (the "**First REIT Notional Preferred Units**") having an equal right to return of assets in the Winding-Up of First REIT and so ranking *pari passu* with the holders of that class or classes of preferred units (if any) which have a preferential right to return of assets in the Winding-Up of First REIT, and so rank ahead of, the holders of Junior Obligations of the Issuer, but junior to the claims of all other present and future creditors of the Issuer (other than Parity Obligations of the Issuer), on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each First REIT Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions (as defined in Condition 4(IV)(c)) in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with these Conditions.

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

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

4. Distribution and other Calculations

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate

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

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

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

(b) Distribution Rate

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

(i) if no Reset Date is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(ii) if a Reset Date is specified in the applicable Pricing Supplement, (1) for the period from the Distribution Commencement Date to the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to the immediately following Reset Date, the Reset Distribution Rate.

For the purpose of these Conditions:

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

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

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

(cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

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

(d) **Publication of relevant Reset Distribution Rate**

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

(e) **Determination or Calculation by the Trustee**

If the Agent Bank does not at any material time for any reason so determine the applicable Reset Distribution Rate, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Agent Bank. In doing so, the Trustee shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) **Calculations**

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

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

(II) **Distribution on Floating Rate Perpetual Securities**

(a) **Distribution Payment Dates**

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

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

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

(b) Rate of Distribution - Floating Rate Perpetual Securities

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

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

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

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSFIX01 Page under the caption "ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page (as defined below) as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

(C) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer and as adjusted by the Spread (if any); and

(C) if on any Distribution Determination Date the Agent Bank is unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any);

(3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page, subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Definitions

As used in these Conditions:

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

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

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

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

(i) if "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Calculations

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

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

(b) Notification

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

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

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

(b) No obligation to pay

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

(c) Non-Cumulative Deferral

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

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

(d) Restrictions in the case of Non-Payment

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

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

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

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

(e) Satisfaction of Optional Distribution

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

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

(f) No default

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

5. Redemption and Purchase

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

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

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

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

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

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

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

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

(d) Redemption for Accounting Reasons

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

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

(i) a certificate, signed by two duly authorised signatories of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect,

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

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

(e) Redemption in the case of Minimal Outstanding Amount

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

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

(f) Redemption upon a Regulatory Event

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

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

(i) a certificate, signed by two authorised signatories of the Issuer, stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) an opinion of the Issuer's independent legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to, or change in application or interpretation of, the Property Funds Appendix, took, or is due to take, effect,

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

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

For the purposes of this Condition 5(f):

(1) "**Aggregate Leverage**" means, as defined under the Property Funds Appendix, the total borrowings and deferred payments of a real estate investment trust, or such other definition as may from time to time be provided for under the Property Funds Appendix;

(2) "**Property Funds Appendix**" means Appendix 6 of the Code on Collective Investment Schemes, issued by the Monetary Authority of Singapore;

(g) Purchase

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

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

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

(h) Cancellation

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

6. Payments

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

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

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

(i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Registrar or any of the other Transfer Agents and in the manner provided in Condition 6(b)(ii).

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

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

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons relating to it, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

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

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

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

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days; or

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

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

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

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

8. Prescription

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

9. Non-payment

(a) Non-payment when due

Notwithstanding any of the provisions below in this Condition 9, the right to institute proceedings for the bankruptcy, termination, winding-up, liquidation, receivership, administration or similar proceedings in respect of First REIT (the "**Winding-Up**") is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV). In addition, nothing in this Condition 9, including any restriction on commencing proceedings, shall in any way restrict or limit the rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Perpetual Securities or the Trust Deed.

(b) Proceedings for Winding-Up

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

(c) Enforcement

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

(d) Entitlement of Trustee

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

(e) Rights of Perpetual Securityholders or Couponholders

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

(f) Extent of Perpetual Securityholders' remedy

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

(g) Damages subject to Subordination

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

10. Meetings of Perpetual Securityholders and Modifications

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

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

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

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

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

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

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

12. Further Issues

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

13. Indemnification of the Trustee

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

14. Notices

Notices to the holders of Bearer Perpetual Securities will be valid if published in a leading newspaper in the English language of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times*. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Notices to the holders of Registered Perpetual Securities shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing.

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

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

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

Notwithstanding the other provisions of this Condition 14, in any case where the identities and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

15. Contracts (Rights of Third Parties) Act

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

16. Acknowledgment

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

(b) Notwithstanding any provision to the contrary in the Trust Deed, the Perpetual Securities and the Coupons, it is hereby agreed and acknowledged that the Issuer's obligations under the Trust Deed, the Perpetual Securities and the Coupons will be solely the corporate obligations of HSBCIT and the Trustee, the Perpetual Securityholders and the Couponholders shall not have any recourse against the shareholders, directors, officers or employees of HSBCIT for any claims, losses, damages, liabilities or other obligations whatsoever in connection with any of the transactions contemplated by the provisions of the Trust Deed, the Perpetual Securities and the Coupons. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or wilful default of the Issuer or otherwise.

(c) For the avoidance of doubt, any legal action or proceedings commenced against the Issuer whether in Singapore or elsewhere pursuant to the Trust Deed, the Perpetual Securities and the Coupons shall be brought in its capacity as trustee of First REIT and not in HSBCIT's personal capacity. The foregoing shall not restrict or prejudice the rights or remedies of the Trustee, the Perpetual Securityholders and the Couponholders under law or equity whether in connection with any gross negligence, fraud or wilful default of the Issuer or otherwise.

17. Governing Law and Jurisdiction

(a) **Governing Law**: The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.

(b) **Jurisdiction**: The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, the Coupons or the Talons (the "**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

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

Issuing and Paying Agent, CDP Registrar and CDP Transfer Agent
The Bank of New York Mellon, acting through its Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

Agent Bank and Non-CDP Paying Agent
The Bank of New York Mellon, acting through its London Branch
40th Floor, One Canada Square
London E14 5AL
United Kingdom

Non-CDP Registrar and Non-CDP Transfer Agent
The Bank of New York Mellon (Luxembourg) S.A.
Vertigo Building – Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

INVESTMENT CONSIDERATIONS

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

Limitations of this Information Memorandum

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

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

Investment considerations associated with investment in the Securities

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

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

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

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

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

The Securities are subject to interest rate risk

Securityholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in note and/or perpetual security prices, resulting in a capital loss for the Securityholders. However, the Securityholders may reinvest the interest or distribution payments at higher prevailing interest rates. Conversely, when interest rates fall, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest or distribution payments received may be reinvested at lower prevailing interest rates.

The Securities are subject to inflation risk

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

The Securities may not be a suitable investment for all investors

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal, distribution or interest payable in one or more currencies, or where the currency for principal, distribution or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

The Securities are not secured

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

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

Securityholders should note that the Securities are issued by the Issuer and not First REIT, since First REIT is not a legal entity. Securityholders should note that under the terms of the Securities, Securityholders shall only have recourse in respect of the Securities to the assets of First REIT which the Issuer has recourse to under the First REIT Trust Deed and not to the Issuer personally nor any other assets held by the Issuer as trustee of any trust (other than First REIT). Further, Securityholders do not have direct access to the assets of First REIT and can only gain access to such trust assets through the Issuer and if necessary seek to subrogate to the Issuer's right of indemnity out of the assets of First REIT. Accordingly, any claim of the Securityholders to the assets of First REIT is derivative in nature. A Securityholder's right of subrogation could be limited by the First REIT Trustee's right of indemnity under the First REIT Trust Deed. Securityholders should also note that such right of indemnity of the First REIT Trustee may be limited or lost through fraud, gross negligence, wilful default, breach of trust or breach of the First REIT Trust Deed by the First REIT Trustee.

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

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

The Securities may be subject to optional redemption by the Issuer

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

Securities may be issued at a substantial discount or premium

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

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

The Issuer will pay principal, interest and distribution on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Meetings of Securityholders and Modifications

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

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

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

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

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

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

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

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

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

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

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

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

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

U.S. Foreign Account Tax Compliance Withholding may apply in certain limited circumstances

While the Securities are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding tax imposed by Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") will affect the amount of any payment received by the clearing systems. Please refer to "*Taxation — 5. FATCA Withholding*". However, FATCA may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. FATCA also may affect payments to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation implementing intergovernmental agreements relating to FATCA, if applicable), and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Securities are discharged once it has paid the clearing systems or the common depositary for the clearing systems (as bearer or registered holder of the Securities) and the Issuer therefore has no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

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

Investment considerations relating to the Notes

Variable Rate Notes may have a multiplier or other leverage factor

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

Singapore Tax Risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are intended, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section on "Taxation" herein.

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

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

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

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

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

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

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

Investment considerations relating to the Perpetual Securities

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

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

The Issuer's obligations under the Perpetual Securities are subordinated

The Perpetual Securities constitute direct, unconditional, subordinated and unsecured obligations of the Issuer which rank *pari passu* and without any preference among themselves and with any Parity Obligations of the Issuer. Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up of First REIT, there shall be payable by the Issuer in respect of each Perpetual Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to such Perpetual Securityholder if, on the day prior to the commencement of the Winding-Up of First REIT, and thereafter, such Perpetual Securityholder was the holder of one First REIT Notional Preferred

Unit, on the assumption that the amount that such Perpetual Securityholder was entitled to receive in respect of each First REIT Notional Preferred Unit on a return of assets in such Winding-Up were an amount equal to the principal amount (and any applicable premium outstanding) of the relevant Perpetual Security together with distributions accrued and unpaid since the immediately preceding Distribution Payment Date or the Issue Date (as the case may be) and any unpaid Optional Distributions in respect of which the Issuer has given notice to the Perpetual Securityholders in accordance with the Conditions of the Perpetual Securities. In the event of a shortfall of funds on the Winding-Up of First REIT, there is a real risk that an investor in the Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid amounts due under the Perpetual Securities.

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

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

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

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

Perpetual Securityholders may not receive distribution payments if the Issuer elects to defer distribution payments

If Distribution Deferral is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect to defer any scheduled Distribution on the Perpetual Securities for any period of time. The Issuer may be subject to certain restrictions in relation to the payment of dividends on its junior obligations and the redemption and repurchase of its junior obligations until a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full, an optional distribution equal to the amount of a distribution payable with respect to the most recent distribution payment date that was unpaid in full or in part, has been paid in full or the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders. The Issuer is not subject to any limits as to the number of times distributions can be deferred pursuant to the Conditions of the Perpetual Securities subject to compliance with the foregoing restrictions. Investors should be aware that the interests of the Issuer may be different from the interests of the Securityholders.

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

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

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

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

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

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

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

Tax treatment of the Perpetual Securities is unclear

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

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

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

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

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

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

Investment considerations relating to the Sponsor

Economic changes in Indonesia may adversely affect the business of the Sponsor

The health and growth of the Indonesian economy is affected by various factors and the Sponsor's business is directly affected by the state of the economy.

Economic growth in Indonesia is a result of a combination of consumer spending, government spending, export growth as well as the level of investments. Weaknesses in any of these drivers will cause economic growth to weaken, resulting in higher unemployment, currency depreciation, volatility in interest rates, and potentially social and political unrest. These factors will adversely affect Indonesian businesses.

Consumer spending and investment levels are determined by interest rates as well as the level of confidence among consumers and investors. Volatility in interest rates will discourage consumer spending and investments, as well adversely impact the ability of Indonesian companies to service their existing debts. Interest rate policies and adjustments by Bank Indonesia, Indonesia's central bank, are crucial to maintaining stable interest rates. On 18 June 2015, Bank Indonesia kept its main interest rate unchanged at 7.5 percent for a fourth month, amidst a weakening Rupiah and high inflation.

A high level of consumer confidence, which is also determined by economic growth itself, will feed back into higher consumer spending and benefit the Sponsor's business. The opposite is true with a low level of consumer confidence. Investor confidence, which is determined by the strength of the financial system as well as the general investment merits of the Indonesian economy, has a significant impact on the strength and stability of the Indonesian financial markets. Volatility in the financial markets will adversely affect the business, financial conditions and prospects of the Sponsor.

Currency stability is crucial in achieving export growth, a healthy current account balance as well as stability in the Indonesian inflation levels and the financial markets. In view of the recent weakening of the Indonesian Rupiah, Bank Indonesia has taken several measures to deepen the Indonesian currency market and stabilise the Rupiah, including relaxing rules on foreign exchange transactions and setting hedging rules for Indonesian companies. Bank Indonesia has also indicated that it will standby to intervene in the foreign exchange and bond markets to ensure stability.

Government policies and spending have a significant impact on the Sponsor's business directly or indirectly. Other than the adjustment of interest rates, government spending can help boost the economy which indirectly supports the Sponsor's business. While Indonesia has experienced recent economic slowdown, the Indonesian government, led by President Joko Widodo who took office in October 2014, intends to increase infrastructure spending, boost investment and achieve an economic growth rate of 7 per cent by 2017. Failure to successfully implement these policies will adversely affect all businesses.

Indonesia relies heavily on aid from the International Monetary Fund, loans from the World Bank and members of the Paris Club, as well as from the Consultative Group for Indonesia. Any challenges in obtaining adequate funding from these sources could have adverse economic, social and political consequences, affecting the business and prospects of the Sponsor.

Demand for healthcare services is largely dependent on the financial strength of patients and their willingness to pay for private healthcare services. A slowdown in the economy or a high unemployment rate may result in more people opting for low-cost public healthcare at public hospitals. Government policies also have a significant impact on the demand for healthcare. The government's recent introduction of universal healthcare coverage is expected to raise the demand for higher quality healthcare service available in private hospitals such as those operated by the Sponsor. Any challenges faced in the roll-out of this policy will adversely affect the Sponsor's business.

The business, financial condition and prospects of the Sponsor are potentially influenced by the above factors, and any weakness in these conditions could affect the Sponsor's ability, as Master Lessee, to pay rent to First REIT. This, in turn, affects First REIT's revenue and its ability to fulfil its payment obligations under the Securities.

Please refer to *"Investment Considerations Relating to its Portfolio - First REIT is mainly dependent on the Sponsor for rental payments"* for more information on risks relating to the Sponsor.

Investment considerations relating to Indonesia

Political and social instability may adversely affect the operations of the Indonesia Properties

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

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

In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner by fulfilling certain requirements although currently Indonesian land law does not provide for any limitation on the number of extensions and renewal cycles for HGB titles. The application for the new HGB title should be made no later than two years prior to the expiration of the extension. The lands on which the Indonesia Properties are built comprise of 55 plots, which are held via HGB titles and eight strata title certificates.

While the First REIT Manager is confident of renewing or extending these titles, there is no assurance that there will be approval for such renewal or extension in the future. The non-renewal of these titles could adversely affect the operations of the Indonesia Properties which in turn may materially and adversely affect First REIT's financial condition and results of operations and its ability to fulfil its payment obligations under the Securities.

First REIT is dependent on the quality of the titles to the Indonesia Properties

Due to the developing nature of Indonesian property law and the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title purchased from previous landowners. Prolonged or unsuccessful negotiations with the previous land owners may result in purchases of property (and thereby the obtaining of title to the relevant land) being delayed or not proceeding. Such delays in acquiring properties required for development activities could have an adverse effect on First REIT's business, financial condition and results of operations and therefore, its ability to fulfil its payment obligations under the Securities.

Terrorist attacks in Indonesia could destabilise the country

Terrorist acts could destabilise Indonesia and increase internal divisions within the Indonesian Government as it evaluates responses to that instability and unrest. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on the business, financial condition, results of operations and prospects of the tenants of the Indonesia Properties. This could adversely impact the ability of the tenants of the Indonesia Properties to make rental payments to First REIT and therefore materially and adversely affect First REIT's financial condition and results of operations and its ability to fulfil its payment obligations under the Securities.

The Indonesian legal system is subject to considerable discretion and uncertainty

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

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

Located in the convergence zone of three major lithospheric plates, the Indonesian archipelago is one of the most volcanically active regions in the world. It is subject to significant seismic activity that can lead to destructive earthquakes and tidal waves. On 26 December 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka. On 26 October 2010, Mount Merapi erupted on the Indonesian Island of Java and on the same day, an underwater earthquake off the coast of Sumatra released a tsunami that struck the Mentawai Islands. More recently in January 2013, floods in Jakarta resulted in disruptions to businesses and extensive evacuations in the city. While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Indonesian government has had to spend significant amounts on emergency aid and resettlement efforts. On 14 February 2014, Mount Kelud erupted on the eastern part of the Indonesian Island of Java. On 15 November 2014, there was an earthquake in the North Maluku province of Indonesia.

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

Labour activism and unrest may materially and adversely affect the Indonesia Properties

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

The Labour Law requires the establishment of bipartite forums by each employer who employs 50 employees with participation from employers and employees, pursuant to the Minister of Manpower and Transmigration Decree No. 255/MEN/2003 ("**MOMT Decree No. 255/2003**") concerning Procedures of the Establishment and Membership Bipartite Cooperation Agency. The membership of bipartite forums are made up of employers and employees with a ratio of 1:1, and is a forum for collective labour agreements and industrial relationships to be negotiated in order to increase work productivity and welfare for employees that secures the continuance of business and creates tranquility in the workplace. In addition, the Labour Law creates procedures that are more permissive to the staging of strikes. Under the Labour Law, employees have the right to terminate their employment if there is a change of status, change of ownership or merger or consolidation of their employer and receive severance pay, tenure appreciation pay and other compensation which are calculated based on their basic salary and fixed allowances, as well as their length of employment with their employer. Several labour unions urged the Indonesian Constitutional Court to declare certain provisions of the Labour Law unconstitutional and ordered the Indonesian Government to revoke those provisions. The Indonesian Constitutional Court declared the Labour Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labour strike.

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

The Labour Law also provides that an employer is not allowed to pay an employee a wage below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is set in accordance with the need for a decent standard of living and taking into consideration the productivity and growth of the economy. However, as there are no specific provisions on how to determine the amount of minimum wage increase, minimum wage increases can be unpredictable. Recently, the provincial government of Jakarta, through the Governor of DKI Jakarta province Regulation No. 123 of 2013, stipulated that the minimum wage of Jakarta for 2014 is Rp2,441,000 per month, which increased from Rp2,000,000 previously. Any increase in minimum wage in Indonesia could have a material adverse effect on the business, cash flows, financial condition and prospects of the operations of the Indonesia Properties and its tenants, and may adversely affect First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

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

On 28 June 2011, the Government of the Republic of Indonesia issued Law No. 7 of 2011 on Currency (Undang Undang Mata Uang) ("**Law No. 7/2011**"), which provides that the Rupiah shall be used in every payment transaction, fulfillment of other money obligations and/or other financial transactions within the territory of the Republic of Indonesia, except in cases involving certain transactions for the implementation of the state budget, grants to or from other countries, international trade transactions, foreign currency bank deposits and international financing transactions[1].

On 31 March 2015, Bank Indonesia issued regulation No. 17/3/PBI/2015 on Mandatory Use of Rupiah within the Territory of Republic of Indonesia, and pursuant to this regulation, Law No. 7/2011 came into force with effect from 1 July 2015. Since Law No. 7/2011 is new and untested, there is uncertainty as to how this law will be interpreted or applied.

In addition, it is provided that a person is prohibited from refusing to receive Rupiah for payment or fulfillment of an obligation to be fulfilled in Rupiah and/or for other financial transactions within the territory of the Republic of Indonesia, unless there is doubt as to the authenticity of the Rupiah or an exemption has been granted for foreign currency payments or fulfillment of obligations which have been agreed in writing[2].

There is uncertainty regarding the implementation of Articles 21 and 23 of Law No.7/2011 as Article 23 prohibits settlement in a currency other than Rupiah, while Article 21 provides a number of exceptions to the prohibition of the rejection of Rupiah. To address public concerns, the Ministry of Finance of Indonesia, through the Directorate General of Treasury of the Republic of Indonesia, had on 6 December

[1] Article 21 of Law No. 7/2011

[2] Article 23 of Law No. 7/2011

2011, issued a document to the public on the interpretation of Law No. 7/2011, the Currency Law ("**MOF Interpretation**"). The MOF Interpretation explains that the Currency Law of Law No. 7/2011 only applies to cash transactions (bank notes and coins). Non-physical transactions (uang giral) (e.g. cheques and letter of credits) or through electronic payment systems are permitted. The MOF Interpretation also explains that the transactions mentioned in Article 23 of Law No. 7/2011 can be exempted by a contractual arrangement existing or entered into either before or after the enactment of Law No. 7/2011. However, it should be noted that the MOF Interpretation is not a legislative product and arguably may be subject to challenge. Every person who does not comply with Law No. 7/2011 is in violation and guilty of misdemeanor and is punishable by up to one year of confinement or a fine of up to Rp200 million.

Should First REIT be required to receive income from the Indonesia Properties[3] in Rupiah, its revenue will be affected by fluctuations in the exchange rates of the Rupiah. The impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Rupiah / Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore.

In addition, First REIT's financial statements are presented in Singapore dollars. Exchange rate gains or losses will arise when the assets and liabilities in Rupiah are translated or exchanged into Singapore dollars for financial reporting. If the Rupiah depreciates against the Singapore dollar, this may materially and adversely affect First REIT's financial results.

Should Law No. 7/2011 be implemented and strictly construed, or there be adverse exchange rate fluctuations between the Singapore dollar and the Rupiah, this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

Investment considerations relating to First REIT's operations

There are potential conflicts of interest amongst First REIT, the First REIT Manager and the Sponsor

The First REIT Manager is wholly owned by LK REIT Management Pte. Ltd., which is an indirect wholly-owned subsidiary of the Sponsor. As such, the First REIT Manager is an indirect wholly-owned subsidiary of the Sponsor.

The Sponsor, its subsidiaries and its associates are engaged in, and/or may engage in, among others, portfolio management, investment in, and the development, management and operation of, hospitals and hotels in Indonesia and elsewhere in the region. Furthermore, an affiliate of the Sponsor, PT. Lippo General Insurance Tbk ("**Lippo General Insurance**") is providing insurance coverage for certain properties in its portfolio.

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

Furthermore, the Sponsor is the master lessee of the Indonesia Properties, save for Siloam Hospitals Purwakarta and Siloam Sriwijaya, which are leased to PT Metropolis Propertindo Utama, a limited liability company incorporated in Indonesia and a party independent from First REIT ("**PT MPU**"). There can be no assurance that the Sponsor, acting in its role as Master Lessee, will not favour properties that it has retained in its own property portfolio or which it manages or operates over those owned by First REIT. This could lead to lower occupancy rates and/or lower rental income for the relevant Indonesia Properties which may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its payment obligations under the Securities.

[3] Save for Siloam Hospitals Makassar and Siloam Hospitals Manado & Hotel Aryaduta Manado where their respective Master Lease Agreements provide for a currency indemnity should rental income be payable in Rupiah.

First REIT operates substantially through the Singapore SPCs[4] and the Indonesia SPCs[5] and its ability to fulfil its payment obligations under the Securities is dependent on the financial position of the Singapore SPCs

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

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

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

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

First REIT enters into interested party transactions

Transactions with connected persons and interested persons may expose First REIT to risks. First REIT has ongoing contractual arrangements with connected persons and interested persons.

Such transactions are entered into on normal commercial terms and in accordance with the laws and regulations of the regulatory authorities in the jurisdiction to which the parties to such transactions are subject. Transactions with connected persons and interested persons may give rise to conflicts of interests, which could lead to transactions being entered into and decisions made which are based on factors other than commercial factors.

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

The net operating profit earned from real estate investments depends on, among other factors, the amount of rental income received, and the level of property, operating and other expenses incurred. If the properties which are directly or indirectly held by First REIT do not generate sufficient net operating profit, First REIT's income, cash flow and ability to fulfil its payment obligations under the Securities will be adversely affected. In addition, if the Singapore SPCs have insufficient cash flows or distributable profits or surplus, or the Singapore SPCs do not make the expected level of distributions in any financial year, this will adversely affect First REIT's income, cash flow and ability to fulfil its payment obligations under the Securities.

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

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4 Singapore SPCs refers to the Onshore SPCs in respect of the Indonesia Properties.

5 Indonesia SPCs refers to the Offshore SPCs in respect of the Indonesia Properties.

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

First REIT's principal strategy is primarily focused on owning and investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes.

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

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

Future acquisitions may not yield the returns expected, resulting in disruptions to First REIT's business, straining of management resources and dilution of holdings

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

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

First REIT's performance depends, in part, upon the continued service and performance of key staff members of the First REIT Manager. These key personnel may leave the First REIT Manager in the future and may potentially compete with the First REIT Manager and First REIT. The loss of any of these individuals, or of one or more of the First REIT Manager's other key employees, could have a material adverse effect on First REIT's financial condition and results of operations.

First REIT may suffer material losses in excess of insurance proceeds

The properties in its portfolio face the risks of suffering physical damage caused by fire or natural disaster or other causes, as well as potential malpractice or public liability claims, including claims arising from the operations of the properties in its portfolio, all of which may not be fully compensated by insurance proceeds. First REIT will remain liable for any debt or other financial obligation related to a particular property in its portfolio if there are material losses in excess of insurance proceeds. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future.

First REIT's properties could suffer physical damage caused by fire or other causes, or First REIT may suffer public liability claims, all of which may result in losses (including loss of rent) that may not be fully compensated by insurance proceeds. In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases and contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, First REIT's insurance policies for the properties in its portfolio do not cover acts of war, outbreaks of contagious diseases or contamination or other environmental breaches.

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

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

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

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

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

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

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

Failure to identify or consummate the investment or acquisition opportunities may slow First REIT's growth and negatively affect its results of operations and its ability to fulfil its payment obligations under the Securities. Occurrence of any acts of God, war and terrorist attacks may adversely and materially affect the business, financial condition and results of operations of First REIT

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

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

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

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

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

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

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

Under the current restrictions set out in the Property Funds Appendix, First REIT is permitted to borrow only up to 35.0% of the value of its Deposited Property at the time the borrowing is incurred (and up to a maximum of 60.0% only if a credit rating of First REIT from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public). In addition, such credit rating should be maintained and disclosed so long as the aggregate leverage of First REIT exceeds 35.0%. First REIT is currently not rated and is therefore permitted to borrow up to a maximum of 35.0% of the value of its Deposited Property. However, a decline in the value of First REIT's Deposited Property may affect First REIT's ability to borrow further.

Adverse business consequences of this limitation on borrowings may include:

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

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

First REIT may be exposed to risks associated with exchange rate fluctuations between the currencies of the countries in which First REIT invests and the Singapore dollar

First REIT's future foreign investments may be denominated in foreign currencies. However, First REIT will maintain its financial statements in Singapore dollars, will make distributions in Singapore dollars and its Unit price will remain in Singapore dollars. A substantial proportion of its expenses and liabilities will also be denominated in Singapore dollars. First REIT and investors in First REIT will therefore be exposed to risks associated with exchange rate fluctuations between the Singapore dollar and the local currency of any other foreign countries in which First REIT invests, in particular the Rupiah and this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

There is no assurance that First REIT will be able to leverage on the Sponsor's experience in the operation of healthcare assets

In the event that the Sponsor ceases to be a controlling shareholder of First REIT, directly or indirectly, First REIT may no longer be able to leverage on the Sponsor's experience in the ownership and operation of healthcare assets, financial strength, market reach and network of contacts in the healthcare industry to further its growth. In addition, First REIT may not be able to benefit from the range of corporate services which is available to owners of properties managed by the Sponsor. This may have a material and adverse impact on First REIT's results of operations and financial condition and its ability to fulfil its payment obligations under the Securities.

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

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

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

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

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

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

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

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

First REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings, particularly in light of current uncertainty and instability in the global market conditions. In addition, First REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations. Such covenants may also restrict First REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would adversely affect First REIT's cash flow and results of operations and its ability to fulfil its payment obligations under the Securities.

Investment considerations relating to First REIT's portfolio

First REIT is solely dependent on the tenants of the properties in its portfolio, for rental payments

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

Factors that affect patients and guests volumes at the properties in its portfolio and, thereby, the ability of the tenants of the properties in its portfolio to meet their obligations include, but are not limited to:

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

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

The tenants of the properties in its portfolio may not renew their respective leases of the properties in its portfolio

No assurance can be given that the tenants of the properties in its portfolio will exercise any option to renew their leases upon its expiry. In such a situation, First REIT may not be able to locate a suitable purchaser of the properties in its portfolio, or a suitable replacement master lessee, as a result of which First REIT may lose a significant or its only source of revenue. In addition, replacement of the tenants of the properties in its portfolio on satisfactory terms may not be possible in a timely manner.

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

First REIT is mainly dependent on the Sponsor for rental payments

First REIT is dependent on rental payments from the respective Master Lessees, as First REIT does not directly operate the Properties. The Master Lessee is the sole tenant of each of the Properties and the Sponsor (and its subsidiaries) is the sole tenant of each of the Indonesia Properties, save for Siloam Hospitals Purwakarta and Siloam Sriwijaya, which are leased to PT MPU. For the three months ended 31 March 2015, the Indonesia Properties (excluding Siloam Hospitals Purwakarta and Siloam Sriwijaya which were acquired by First REIT on 28 May 2014 and 29 December 2014) contributed 88.11% of First REIT's rental income respectively. Therefore, First REIT's revenue and cash flow will depend largely upon the ability of the Sponsor to make rental payments. As such, the prospects of the Sponsor's other businesses, aside from those relating to First REIT, could impact on the Sponsor's ability to make rental payments to First REIT.

A downturn in the business of the Sponsor may weaken its financial condition and result in the Sponsor's failure to make timely rental payments or default under the Master Lease Agreements to which it is a party. In such an event, First REIT may experience delays in enforcing its rights as landlord and thus may incur substantial costs in protecting its investments.

Please refer to "*Investment Considerations Relating to the Sponsor*" for further information on the risks relating to the Sponsor.

There can be no assurance that the Sponsor will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the Master Lease Agreements to which it is a party. Additionally, under the Master Lease Agreements, if any of the Indonesia Properties is damaged or destroyed such that the relevant Indonesia Property cannot be used or becomes inaccessible, the relevant landlord has the option to reinstate or replace the relevant Indonesia Property (or the affected part, as the case may be) using insurance proceeds received under the insurance policies. If the relevant landlord opts to reinstate or replace the relevant Indonesia Property, the Sponsor will not be liable to pay rent in respect of the period when the Indonesia Properties cannot be used or is inaccessible. The non-payment of rent by the Sponsor may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its payment obligations under the Securities.

The properties in its portfolio require significant capital expenditure periodically and First REIT may not be able to secure funding

The properties in its portfolio and future properties to be acquired by First REIT may require periodic capital expenditures, refurbishments, renovations and improvements in order to remain competitive. Acquisitions of new properties or enhancements of existing properties by First REIT may require significant capital expenditure. First REIT may not be able to fund future acquisitions, capital improvements or expenditures, solely from cash provided from its operating activities and First REIT may not be able to obtain additional equity or debt financing or be able to obtain such financing on favourable terms or at all and this may indirectly affect First REIT's ability to fulfil its payment obligations under the Securities.

The properties in its portfolio may be revalued downwards

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

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

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

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

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

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

The properties in its portfolio may be affected by contamination and other environmental issues

While the First REIT Manager believes that reasonable environmental due diligence investigations have been conducted with respect to the properties in its portfolio prior to their acquisitions, the properties in its portfolio may from time to time be affected by contamination or other environmental issues which may not previously have been identified and/or rectified. This gives rise to a number of risks including:

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

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

A majority of First REIT's properties in its portfolio are located in Indonesia and Singapore and other potential acquisitions by First REIT may be located elsewhere in Asia. This exposes First REIT to economic and real estate market conditions and changes in fiscal policies in Indonesia, Singapore and such other countries in Asia

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

First REIT's investment policy is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. Investment in properties in other countries in Asia will also expose First REIT to local real estate market conditions in these countries. An economic decline in any one or more of the countries in which the properties of First REIT are located could adversely affect First REIT's operations and future growth. Other local real estate market conditions which may adversely affect First REIT's performance include the attractiveness of competing healthcare properties, the supply of healthcare properties and demand from tenants.

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

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

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

Renovation works or physical damage to properties in its portfolio may disrupt the operations of First REIT and collection of rental income or otherwise result in an adverse impact on the financial condition of First REIT

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

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

In addition, physical damage to properties in its portfolio resulting from fire or other causes may lead to a significant disruption to the operations of properties in its portfolio, and together with the foregoing, may result in an adverse impact on First REIT's financial condition, results of operations and its ability to fulfil its payment obligations under the Securities.

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

Design, construction or other latent property or equipment defects in properties in its portfolio may require additional capital expenditure, special repair or maintenance expenses or the payment of damages or other obligations to third parties, other than those disclosed in this Information Memorandum.

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

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

Investment considerations relating to investing in real estate

Properties held by First REIT may be subject to increases in operating and other expenses

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

Factors which could increase operating and other costs include:

(i) increases in property taxes and other statutory charges in relation to The Lentor Residence, for which First REIT is required to pay property taxes[6];

(ii) changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;

(iii) change in direct or indirect tax policies; and

(iv) defects affecting or environmental pollution in connection with, the properties which need to be rectified.

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

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

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

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

In Indonesia, pursuant to Law No. 2 of 2012 concerning Land Procurement for Development for Public Interest (*Pengadaan Tanah Bagi Pembangunan Untuk Kepentingan Umum*) and its implementing regulations ("**Land Procurement Law**"), the Indonesian Government and/or the regional government shall ensure the availability of land required for the development activities for Public Interest[7].

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6 Save for The Lentor Residence, property taxes in respect of properties in its portfolio are payable by the respective master tenants of such properties.

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

The Land Procurement Law also clearly stipulates that for Public Interest, any party who owns or otherwise controls Land Procurements Objects[8] (the "**Entitled Party**") shall be obliged to release his/her/its rights upon such Land Procurement Objects after a Compensation[9] for its/his/her Land Procurement Objects is given to him/her/it of fair and reasonable compensation or a legally binding court decision.

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

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

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

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

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

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

(ii) the market value of the property as at the date of publication in the Government Gazette of the declaration of intention to acquire, where such declaration is made after six months of the notification.

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

Investment considerations specific to hospitals

Hospitals are subject to unique risks

Generally, hospitals are subject to governmental regulation of their medical and surgical services, a factor which could have a significant and possibly unfavourable effect on the price and availability of such services. Furthermore, hospitals face the risk of increasing competition from new products or services and the risk that technological advances will render their medical and surgical services obsolete. The rising cost of healthcare technology may adversely impact the revenue of the hospitals in its portfolio,

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

[9] "**Compensation**" is defined under the Land Procurement Law as fair and reasonable compensation to the Entitled Party in the process of land procurement.

comprising: Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Manado, Siloam Hospitals Makassar and Sarang Hospital (the "**Hospitals**"). Hospitals may also have persistent losses when adopting a new medical or surgical service, and revenue patterns may be erratic as a result. In addition, hospitals may be affected by events and conditions including, among other things, demand for services, physicians' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers to limit charges, expenses, government regulation, and the cost and possible unavailability of malpractice insurance.

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

The outbreak of H1N1, avian flu, SARS, MERS or other potentially life-threatening illnesses or contamination may affect the Hospitals

The outbreak of H1N1, avian flu, SARS, MERS or other potentially life-threatening infectious illnesses or contamination may lead the government to impose regulations on hospitals, affecting their normal routine of operations and possibly leading to lower numbers of patients who are willing to visit the Hospitals.

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

Operations of the Hospitals are dependent upon those Hospitals' ability to attract and retain doctors and other healthcare professionals

Operations at the Hospitals depend on the efforts, abilities and experience of the doctors and medical staff at the Hospitals. The Hospitals compete with other healthcare providers, including the providers located in the region, in recruiting and retaining qualified doctors and other healthcare professionals. While Indonesian law does not permit hospitals to employ foreign doctors without prior approval from the Minister of Health, Indonesian doctors and nursing staff are regularly recruited by competitors outside Indonesia. The loss of some of these medical personnel, or the inability to attract or retain sufficient numbers of qualified doctors and other healthcare professionals, could have a material and adverse effect on the healthcare business, financial position and results of the operations, and consequently on the ability of the tenants of the Hospitals to make rental payments to First REIT which may materially and adversely affect First REIT's financial condition and results of operations and its ability to fulfil its payment obligations under the Securities.

The Hospitals may be subject to potential malpractice, negligence and other legal lawsuits

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

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

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

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

Operations of the Hospitals are subject to environmental risks as well as environmental and occupational health, safety and other related governmental regulations, the non-compliance of which would affect the Hospitals and indirectly affect First REIT

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

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

The Hospitals are specialised medical facilities and have limited uses

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

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

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

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

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

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

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

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

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

- factors affecting tourism in Indonesia in general;
- the general economic situation of the region;
- the threat of terrorism in Indonesia; and
- any conventions or conferences held in Jakarta.

FIRST REAL ESTATE INVESTMENT TRUST

1. HISTORY AND BACKGROUND

First REIT is a real estate investment trust constituted by the trust deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited (the "**First REIT Manager**") and HSBC Institutional Trust Services (Singapore) Limited (the "**First REIT Trustee**") (as amended and supplemented). First REIT was listed on the Main Board of the SGX-ST on 11 December 2006.

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

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

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

- A well-defined acquisition strategy of acquiring yield-accretive properties in the healthcare and healthcare-related industry which fulfils its investment criteria;

- The active management of First REIT's property portfolio to maximise returns, including the divestment of any property that is identified by the First REIT Manager at any time, to have limited scope for growth; and

- The employment of an optimum capital structure.

As at the Latest Practicable Date, First REIT's portfolio consists of 16 properties located in Indonesia, Singapore and South Korea:

Portfolio	Property
Indonesia Properties	Siloam Sriwijaya
	Siloam Hospitals Bali
	Siloam Hospitals TB Simatupang
	Siloam Hospitals Purwakarta
	Siloam Hospitals Lippo Village
	Siloam Hospitals Kebon Jeruk
	Siloam Hospitals Surabaya
	Imperial Aryaduta Hotel & Country Club
	Mochtar Riady Comprehensive Cancer Centre
	Siloam Hospitals Lippo Cikarang
	Siloam Hospitals Manado & Hotel Aryaduta Manado
	Siloam Hospitals Makassar
Singapore Properties	Pacific Healthcare Nursing Home @ Bukit Merah
	Pacific Healthcare Nursing Home II @ Bukit Panjang
	The Lentor Residence
South Korea Property	Sarang Hospital

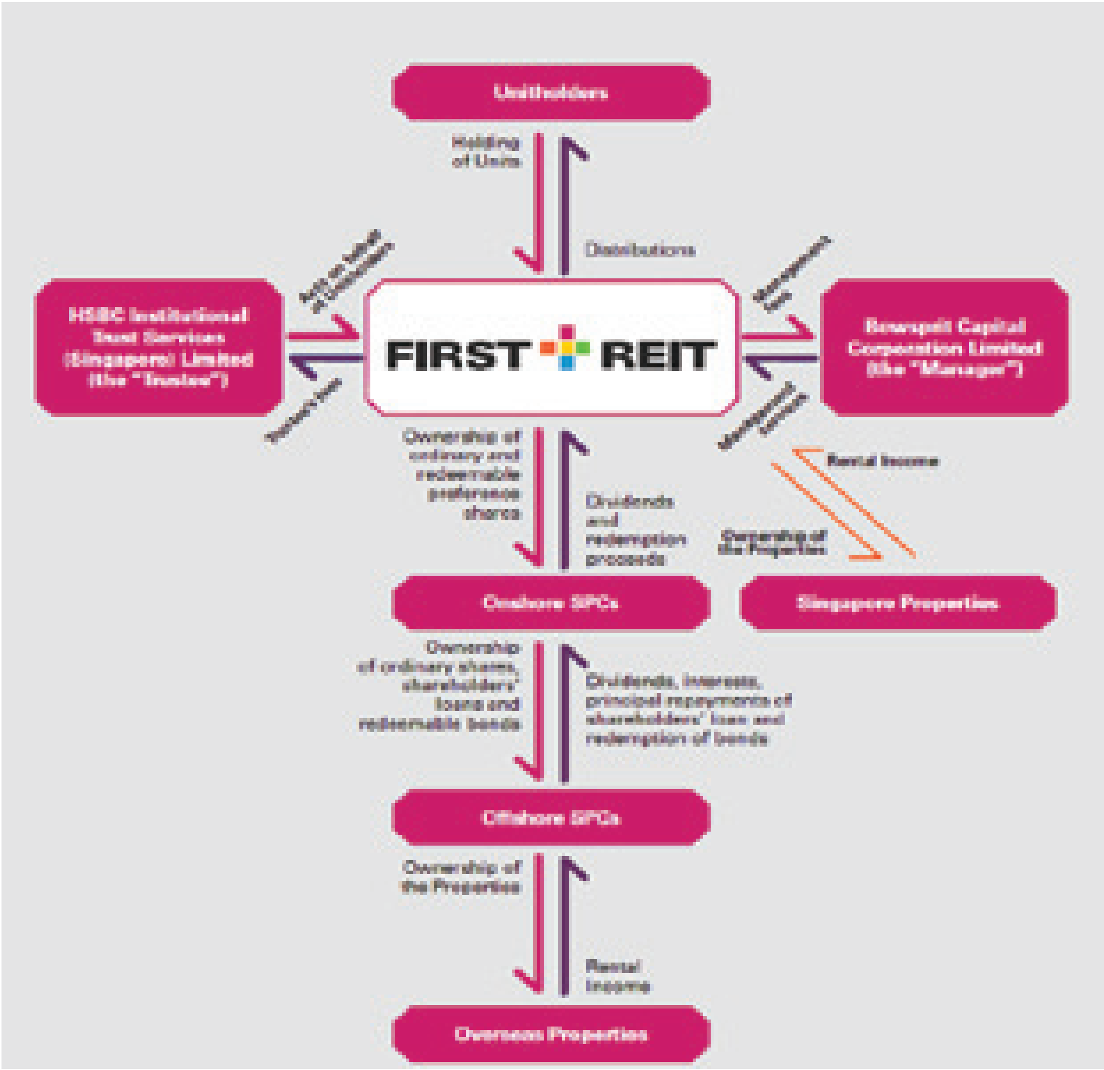
Collectively, these 16 properties have an asset value of about S$1.17 billion, with a total gross floor area of approximately 251,339 sq m.

Apart from Siloam Hospitals Purwakarta and Siloam Sriwijaya, which are leased to PT MPU, each of the Indonesia Properties is leased to the Sponsor (and in respect of Siloam Hospitals Lippo Cikarang, the Sponsor's wholly-owned subsidiary, PT East Jakarta Medika), as master lessee, while each of the Singapore Properties and the South Korea Property is leased to the relevant Master Lessees, pursuant to separate Master Lease Agreements. Under the Master Lease Agreements, based on the triple net lease concept, the Master Lessees will bear the costs of maintenance and operating expenses relating to the Properties, including but not limited to maintenance, certain taxes and insurance during the term of each of the Master Lease Agreements. Neither First REIT nor the First REIT Manager is involved in the management or operation of any Property.

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

2. STRUCTURE OF FIRST REIT

The following diagram sets out the structure of First REIT:



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

The First REIT Manager, Bowsprit Capital Corporation Limited, is an indirect wholly-owned subsidiary of the Sponsor.

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

Management Reporting Structure of the First REIT Manager

Board of Directors
Mr Albert Saychuan Cheok
(Chairman and Independent Director)

Mr Goh Tiam Lock
(Independent Director)

Mr Wong Gang
(Independent Director)

Mr Ketut Budi Wijaya
(Non-Executive Director)

Dr Ronnie Tan Keh Poo
(Director and Chief Executive Officer)

Chief Executive Officer
Dr Ronnie Tan Keh Poo

Chief Financial Officer & Investor Relations Manager
Mr Tan Kok Mian, Victor

Senior Asset & Investment Manager
Mr Chan Seng Leong, Jacky

Roles and Responsibilities of the First REIT Manager

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

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

Other functions and responsibilities of the First REIT Manager include:

- 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;

- Preparing property plans on a regular basis which may contain proposals and forecasts on net income, capital expenditure, sales and valuations, explanation of major variances to 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;

- Ensuring compliance with the applicable provisions of the SFA and all other relevant legislations, the Listing Manual, the CIS Code including the Property Funds Appendix, the First REIT Manager's obligations under the First REIT Trust Deed, Singapore Financial Reporting Standards, any tax ruling and all relevant contracts; and

- Attending to all regular communications with the Unitholders.

The First REIT Manager may require the First REIT Trustee to borrow on behalf of First REIT (upon such terms and conditions as the First REIT Manager deems fit, including the charging or mortgaging of all or any part of the Deposited Property) whenever the First REIT Manager considers, among other things, that such borrowings are necessary or desirable in order to enable First REIT to meet any liabilities or to finance the acquisition of any property. However, the First REIT Manager must not direct the First REIT Trustee to incur a borrowing if doing so would result in First REIT's total borrowings and deferred payments exceeding the aggregate leverage limit set out in the Property Funds Appendix at the time the borrowing is incurred, taking into account deferred payments (including deferred payments for assets whether to be settled in cash or in Units). As at the date of this Information Memorandum, the Property Funds Appendix allows a real estate investment trust to borrow more than 35.0% of the value of its Deposited Property (up to a maximum of 60.0%) only if a credit rating of the real estate investment trust from Fitch Inc., Moody's Investor Service or Standard and Poor's Rating Services, a division of the McGraw Hill Companies is obtained and disclosed to the public.

In the absence of fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager, the First REIT Manager shall not incur any liability by reason of any error of law or any matter or thing done or suffered to be done or omitted to be done by it in good faith under the First REIT Trust Deed. In addition, the First REIT Manager shall be entitled, for the purpose of indemnity against any actions, costs, claims, damages, expenses or demands to which it may be put as the First REIT Manager, to have recourse to the Deposited Property or any part thereof save where such action, cost, claim, damage, expense or demand is occasioned by the fraud, gross negligence, wilful default or breach of the First REIT Trust Deed by the First REIT Manager. The First REIT Manager may, in managing First REIT and in carrying out and performing its duties and obligations under the First REIT Trust Deed, with the written consent of the First REIT Trustee, appoint such person to exercise any or all of its powers and discretions and to perform all or any of its obligations under the First REIT Trust Deed, provided always that the First REIT Manager shall be liable for all acts and omissions of such persons as if such acts and omissions were its own.

MANAGEMENT OF THE FIRST REIT MANAGER

Board of Directors of the First REIT Manager (the "Board")

The Board presently consists of five Directors, namely Mr Albert Saychuan Cheok, Dr Ronnie Tan Keh Poo, Mr Goh Tiam Lock, Mr Wong Gang and Mr Ketut Budi Wijaya. Messrs Albert Saychuan Cheok, Goh Tiam Lock and Wong Gang are Non-Executive Independent Directors.

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

Mr Albert Saychuan Cheok
Chairman and Independent Director

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

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

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

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

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

He has received awards in recognition of his contributions 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 Wong Gang
Independent Director

Wong Gang is an Independent Director of the First REIT Manager. He graduated from the National University of Singapore in 1995 with Bachelor of Law (Hons) and was admitted as advocate and solicitor to the Supreme Court of Singapore in 1996. Mr Wong has been a partner since 2002 at Shook Lin & Bok LLP, a law firm in Singapore, and has more than 18 years' experience advising on a wide range of corporate finance and securities transactions, stock market flotations, securities regulation and compliance for public listed companies, mergers and acquisitions, as well as general corporate legal advisory work.

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

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

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 Ketut Budi Wijaya
Non-Executive Director

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

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

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

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

Dr Ronnie Tan Keh Poo
Director and Chief Executive Officer

Dr Ronnie Tan is a Director as well as the Chief Executive Officer of the First REIT 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 ("**Parkway**") 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.

Dr Ronnie Tan currently serves as Non-Executive Director and Audit Committee Member of Auric Pacific Group Limited.

The Key Roles of the Board

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

The Board meets to review the First REIT Manager's key activities. Board meetings are held once every quarter (or more often if necessary), to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against the previously approved budget, and to approve the release of the quarterly and full year results.

The Board also reviews the risks to the assets of First REIT, and acts judiciously upon any comments from the auditors of First REIT. It reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Where necessary, additional Board meetings would be held to address significant transactions or issues.

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

Changes to regulations, policies and accounting standards are monitored closely. Where the changes affect First REIT's business or have an important bearing on the First REIT Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially convened sessions involving relevant professionals. Management provides the Board with complete and adequate information on a timely manner through regular updates on financial results, market trends and business developments. Directors are also encouraged to participate in industry conferences, seminars and training programmes in connection with their duties, funded by the Manager. On-site visits, including to properties located overseas are organised to familiarise Directors with First REIT's properties and to facilitate better understanding of the Group's operations. The Directors have received training on regulatory updates and directors' duties and liabilities conducted by external legal advisors in 2014.

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

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

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

Executive Officers of the First REIT Manager

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

Dr Ronnie Tan Keh Poo
Chief Executive Officer

Dr Ronnie Tan is the Chief Executive Officer of the First REIT Manager. Details of his working experience have been set out in "Board of Directors of the First REIT Manager (the "Board")".

Mr Tan Kok Mian, Victor
Chief Financial Officer/Investor Relations Manager

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

Prior to joining the First REIT Manager, Mr Tan worked at Parkway 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 the handling of 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$1.0 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S$600.0 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 and managing key clients' accounts for strategic real estate services. Prior to joining the First REIT Manager, Mr Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as Investment Manager for Ascendas Real Estate Investment Trust. As Investment Manager, he was involved in spearheading multi-million 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 asset performance.

Roles of the Key Executive Officers of the First REIT Manager

Chief Executive Officer

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

Chief Financial Officer/Investor Relations Manager

The Chief Financial Officer/Investor Relations Manager of the First REIT Manager works with the Chief Executive Officer and other members of the First REIT Manager's management team to formulate strategic plans for First REIT in accordance with the First REIT Manager's stated investment strategy. The Chief Financial Officer/Investor Relations Manager is responsible for applying the appropriate capital management strategy, overseeing implementation of First REIT's short- and medium-term business plans and financial condition, as well as coordinating fund management activities. In the area of investor relations, he is responsible for facilitating communications and liaison with Unitholders. This includes statutory reporting, such as producing annual reports to Unitholders, and reporting to the SGX-ST in compliance with the Listing Manual. The principal objective of this role is to maintain continuous disclosure and transparent communications with Unitholders and the market. He is also tasked with the responsibility of promoting and marketing First REIT to Unitholders, prospective investors and the media through regular communications, roadshows, events and a corporate website.

Senior Asset and Investment Manager

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

4. THE FIRST REIT TRUSTEE – HSBC INSTITUTIONAL TRUST SERVICES (SINGAPORE) LIMITED

The First REIT Trustee, HSBC Institutional Trust Services (Singapore) Limited, is a company incorporated in Singapore and registered as a trust company under the Trust Companies Act, Chapter 336 of Singapore. It is approved to act as a trustee for authorised collective investment schemes under the SFA. As at the Latest Practicable Date, HSBC Institutional Trust Services (Singapore) Limited has a paid-up capital of S$5,150,000 and its registered address is located in Singapore at 21 Collyer Quay, #10-02 HSBC Building, Singapore 049320.

Powers, Duties and Obligations of the First REIT Trustee

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

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

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

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

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

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

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

Retirement and Replacement of the First REIT Trustee

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

(1) The First REIT Trustee shall not be entitled to retire voluntarily except upon the appointment of a new trustee (such appointment to be made in accordance with the provisions of the First REIT Trust Deed).

(2) The First REIT Trustee may be removed by notice in writing to the First REIT Trustee by the First REIT Manager:

(a) if the First REIT Trustee goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the First REIT Manager) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the First REIT Trustee;

(b) if the First REIT Trustee ceases to carry on business;

(c) if the First REIT Trustee fails or neglects after reasonable notice from the First REIT Manager to carry out or satisfy any material obligation imposed on the First REIT Trustee by the First REIT Trust Deed;

(d) if the Unitholders by Ordinary Resolution duly passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the First REIT Trust Deed, and of which not less than 21 days' notice has been given to the First REIT Trustee and the First REIT Manager, shall so decide; or

(e) if the MAS directs that the First REIT Trustee be removed.

5. THE SPONSOR – PT. LIPPO KARAWACI TBK

Overview

The Sponsor is the largest listed property company in Indonesia by total revenue and total assets, with total revenues of Rp 2.4 trillion, and total assets of Rp 39.6 trillion for the three months ended 31 March 2015. The Sponsor's market capitalisation as at 31 March 2015, based on the closing price per ordinary share on the Indonesia Stock Exchange ("**IDX**") of Rp 1,350 was Rp 31 trillion.

The Sponsor develops residential, commercial and retail properties, hospitals, hospitality and leisure and light industrial areas throughout Indonesia, with the majority of its current developments based in major cities in Indonesia, including Greater Jakarta, Surabaya, Medan, Makassar, Manado and Bali. It is the market leader in townships and residential property, hospitals, hotels, retail malls and property & portfolio management. In addition, it manages and operates 20 hospitals, 41 malls and eight hotel properties. The Sponsor provides a broad range of infrastructure services to the residents of its developments, and also provides other property management and REIT management services.

For the three months ended 31 March 2015, 53% of the Sponsor's revenue was derived from recurring income including revenues from the operation of its Healthcare, Retail Malls, Hospitality and Infrastructure business segments and fees earned by its Property and Portfolio Management business segment) and 47% of its revenue was derived from development income including the development and sale of residential, commercial, office spaces and light industrial properties.

Through a merger of eight property-related companies in 2004, the Sponsor has expanded its business portfolio to encompass urban development, large scale integrated developments, retail malls, healthcare, hotels and leisure, as well as a fee-based income portfolio. As at the Latest Practicable Date, the Sponsor's portfolio comprises six business segments which will form the foundation for the Sponsor's future growth: (i) Urban Development, (ii) Large Scale Integrated Development, (iii) Retail Malls, (iv) Healthcare, (v) Hospitality and Infrastructure, and (vi) Property and Portfolio Management.

i. Urban Development

The Urban Development business segment includes the development and sale of residential, commercial, light industrial properties and memorial parks, all of which are on landed properties.

The Sponsor is internationally recognised and has won awards for its pioneering development of "Edge Cities" in Indonesia. "Edge Cities" are designed and constructed with all necessary infrastructures to establish self-contained urban communities beyond the boundaries of larger cities. These well-planned and cohesively designed independent townships are developed in anticipation of today's rapid urban population sprawl. All of these singular developments feature green environments, supported by world class infrastructure, from potable water and sewage treatment, maintenance and security, to strong transportation links for the daily convenience and comfort of their residents. Targeted specifically at the middle and upper income group segments, these developments have become the benchmark for high quality homes. As at 31 March 2015, the Sponsor's three urban developments, Lippo Village, Lippo Cikarang and Tanjung Bunga, had a combined population of approximately 116,812 residents and 33,647 houses, shophouses and condo units and employed more than 460,717 workers. For each of its urban developments, the Sponsor identified large tracts of undeveloped land which were in close proximity to larger cities, offering the advantage of potentially greater appreciation of land values while generally being inexpensive to acquire.

As at 31 March 2015, the Sponsor's Urban Development portfolio comprised (1) Lippo Village, (2) Lippo Cikarang, (3) Tanjung Bunga, and (4) San Diego Hills Memorial Park. This business segment accounted for approximately 29% of its total revenues for the three months ended 31 March 2015.

ii. Large Scale Integrated Development

The Large Scale Integrated Development business segment includes the development and sale of residential properties, office space and retail, hospitality, leisure and healthcare facilities on a large scale, typically on a high-rise basis, together in one location. By combining these facilities in a single strategic location, equipped with first class facilities, infrastructure and a green environment, such developments are able to capitalise on demographic and lifestyle changes in Indonesia, while providing a solution to traffic jams, floods and inadequate upgrading of infrastructure in big cities.

As at 31 March 2015, its Large Scale Integrated Development portfolio comprised (1) City of Tomorrow in Surabaya, (2) Kemang Village in South Jakarta, (3) The St. Moritz Penthouses & Residences in West Jakarta, (4) Park View in Depok, (5) Nine Residences in South Jakarta, (6) Holland Village in Central Jakarta, (7) Embarcadero in South Jakarta, (8) St Moritz in Makassar, (9) Millenium Village in Lippo Village and (10) Orange County in Lippo Cikarang. This business segment accounted for approximately 19% of its total revenues for the three months ended 31 March 2015.

iii. Retail Malls

The Retail Malls business segment includes the development and ownership of malls.

In response to growing market demand, the Sponsor started developing strata-titled malls from 2002 to 2006, recognising that entrepreneurs in Indonesia were moving away from traditional retail outlets. Then, observing the oversupply of strata-titled malls that had previously been in demand, it made the move to community malls and shifted to a model which now involves building, leasing, and then monetising the retail assets.

The Sponsor's retail portfolio comprises strata-titled malls and leased malls strategically located in major cities of Indonesia. The retail malls provide one-stop shopping, entertainment, dining and leisure destinations, with anchor tenants such as Debenhams, Ace Hardware, Cinema XXI, Matahari Department Store, Hypermart, Timezone, Gramedia andParkson Department Store.

The Sponsor continues to strengthen its position as the largest mall owner and/or operator in Indonesia by building and managing more retail malls across the country.

As at 31 March 2015, the Sponsor had managed 41 retail malls in its portfolio. This business segment accounted for approximately 2% of its total revenues for the three months ended 31 March 2015.

iv. Healthcare

The Healthcare business segment includes the operation of hospitals and medical facilities.

As at 31 March 2015, the Sponsor's Healthcare portfolio comprised the 20 hospitals in operation under the Siloam Hospitals brand name.

These hospitals are located in the greater Jakarta area, as well as Surabaya, Balikpapan, Jambi, Makassar, Bali, Manado, Purwakarta, Palembang, Kupang and Medan. Currently, First REIT owns 11 of the hospitals which are operated under the "Siloam Hospitals" brand, including the Mochtar Riady Comprehensive Cancer Centre.

Siloam Hospitals is the premier private hospital group in Indonesia, providing world class healthcare to both domestic and overseas patients. Continuously investing in new projects, Siloam Hospitals' investment in research, education, and the latest state-of-the-art medical technology and equipment is a reflection of its pioneering efforts to improve the standard of medical care available in Indonesia. Likewise the collaboration with international institutions and consultants enables it to enhance the skills and service quality of hospital personnel.

As at 31 March 2015, Siloam Hospitals operates 20 hospitals in 14 cities across Indonesia, with a total bed capacity of more than 4,800 beds, more than 1,900 specialist and general practitioner doctors, and more than 7,000 nurses and supporting staff providing services to almost two million patients who sought comfort and care at Siloam hospitals. The hospitals offer a comprehensive range of specialist medical services, including surgical procedures, as well as laboratory services, radiology and imaging facilities, general healthcare services and diagnostic and emergency services.

This business segment accounted for approximately 40% of the Sponsor's total revenues for the three months ended 31 March 2015.

v. Hospitality and Infrastructure

The Hospitality and Infrastructure business segment includes the ownership, lease and operation of hotel properties, restaurants and recreational facilities and other related infrastructure in multiple locations throughout Indonesia, as well as the provision of town management services such as security, water and sewage treatment, garbage collection, landscaping, roads and drainage maintenance and public transportation services to the residents of its urban developments.

The Sponsor's hotel operations are offered under the "Aryaduta" brand, one of Indonesia's largest five-star hotel groups by number of rooms. As at 31 March 2015, the Sponsor's Hospitality and Infrastructure portfolio comprised eight hotels in the Aryaduta Hotel & Resort Group, and currently First REIT, which owns one hotel and one integrated hospital and hotel, leases them back to the Sponsor.

The Aryaduta Hotel & Resort Group is focused on continuing its growth towards becoming the country's premier operator of hotels and resorts. The Sponsor's hospitality arm offers the Sponsor access to major growth opportunities as Indonesia grows as a destination for business and leisure. With a portfolio of assets in premium locations, Aryaduta Hotels also serve as value enhancing developments within other key integrated property projects. Symbiotically, as the owner and operator of premium hotel properties, the hotels and hospitality division of the Sponsor also benefits from the development of projects connected to its retail, residential space and large scale integrated developments.

This business segment accounted for approximately 7% of the Sponsor's total revenues for the three months ended 31 March 2015.

vi. Property and Portfolio Management

The Property and Portfolio Management business segment includes REIT management and property management services for malls and hotel operators. The Sponsor currently manages First REIT (through its indirect wholly-owned subsidiary, the First REIT Manager) and LMIRT and receives fee-based income for the management of these two REITs. LMIRT, which was listed on the SGX-ST on 19 November 2007, is the first REIT in Singapore to provide exposure to Indonesia's growing retail malls sector with an asset portfolio comprising of 19 high quality retail malls and seven retail spaces located within other retail malls, which are all strategically located in Greater Jakarta, Bandung, Surabaya, Malang, Makassar, Palembang, Bali, Baubau and Medan. LMIRT has a right of first refusal on leased malls developed and built by the Sponsor.

The Sponsor also manages Aryaduta-branded hotels owned by third parties. In addition, it also acts as property manager for 41 malls with over 12,000 retailers, with a total gross leasable area of nearly 3.1 million sq m and a net leasable area of 1.1 million sq m.

This business segment accounted for approximately 3% of the Sponsor's total revenues for the three months ended 31 March 2015.

Competitive Strengths

The Sponsor believes that its principal competitive strengths are as follows:

(i) It is one of the leading broad based property companies in Indonesia

The Sponsor is one of the leading broad based property companies in Indonesia in terms of its market capitalisation on the IDX, assets and revenue. Its operations are organised into six broad business segments, with operations located in multiple locations in Indonesia, providing the Sponsor with diversity and operating presence in several rapidly developing areas, in particular Jakarta.

The Sponsor believes that the size and diversity of its business segments and its track record of success provide it with a stable platform to grow its businesses and allow it to pursue large scale, high profile development opportunities. The Sponsor also believes that its size and diversity enable it to benefit from economies of scale in negotiating with key material suppliers for favourable cost components and volume discounts. It believes the diversity of its products also provides it with significant opportunities for cross-selling across its business segments. Its size and diversity also help it to successfully mitigate the adverse impact of the cyclical nature of its business segments on its profitability and cash flows. The Sponsor has used its brand name to bolster its marketing initiatives across its business segments.

The Sponsor's efforts and contributions to the real estate sector in Indonesia have been recognised by the industry through several awards, including the Real Estate Award by Euromoney — "Best Developer in Indonesia" for 2012, 2011, 2009, 2008, 2007 and 2005. In 2013, 2012 and 2011, it was also awarded the "Best Developer in Indonesia" award by the South East Asia Property Awards.

(ii) Large and high-quality landbank, particularly around Jakarta

The Sponsor believes that its landbank of approximately 1,532 hectares as at 31 March 2015 is among the largest held by Indonesian property companies and serves as a platform for the expansion of its existing and future development projects. The Sponsor anticipates that its landbank will be sufficient for its planned development projects for the next ten years. The Sponsor acquired portions of its landbank in individual parcels over a period of time, when land prices were relatively inexpensive, and continues to develop its landbank assets when market and pricing conditions are favourable, which allows it to competitively price its development projects and pursue its targeted profit margins. The Sponsor's policy is to maintain a landbank sufficient for ten years of future development, subject to price, availability and quality. In addition, its operations are located within some of the most developed regions in Indonesia. The Sponsor's significant presence in the property market in greater Jakarta, the most developed city in Indonesia, reflects its belief that this area offers high consumer demand which is currently underserved.

(iii) High proportion of stable recurring revenues

The Sponsor believes that the recurring revenues generated by several of its business segments, particularly Healthcare, provide it with an advantage over its competitors who are not as diversified and thus subject to greater fluctuation in revenue from the cyclical nature of the property market. In the three months ended 31 March 2015 and, the financial years ended 31 December 2014 and 31 December 2013, 53.0%, 53.0%, and 58.0% respectively, of its total revenues were recurring. The rebalancing of higher recurring revenue as compared to lower development revenue in 1Q2015 is another testament to Lippo Karawaci's business model, where higher recurring revenue will mitigate the risks in highly cyclical properties business in Indonesia.

The Sponsor plans to continue with its strategy to grow recurring revenue, both on an absolute basis and as a percentage of total revenue, as it believes that the significant recurring revenue component of its total revenues helps it mitigate the cyclical nature of its development business segments and enables it to be resilient during economic downturns. In particular, the Sponsor believes that its Healthcare business segment differentiates it from its competitors by providing a stable source of income. In the past, the Sponsor has maintained its recurring revenues as a significant component of total revenues, and it is planning to expand its recurring income business segments in the future by developing more hospitals and retail and commercial properties on a leasehold basis, thereby strengthening its recurring income streams.

(iv) Track record of recycling capital

In December 2006, the Sponsor sponsored the establishment of First REIT. In December 2010, First REIT completed a S$172.8 million rights issue, issuing 345,664,382 new units. In 2007, the Sponsor also sponsored the establishment of LMIRT, a REIT which holds retail assets in Indonesia that is also listed on the SGX-ST. In December 2011 and November 2013, LMIRT completed a S$332.0 million and S$100.0 million rights issue, issuing 1,086,516,497 and 246,193,000 new units, respectively. The Sponsor is the first Indonesian developer to utilise such vehicles, which allows it to unlock value from stabilised assets, recycle capital, earn management fees and deploy proceeds from selling assets to the REITs to invest in new opportunities.

(v) Strong financial position

The Sponsor maintains a healthy financial position by actively managing its working capital requirements such as by pre-selling its developments, particularly in its Urban Development and Large Scale Integrated Development business segments, which enables it to fund its construction costs without significant third party financing. As at 31 March 2015, the Sponsor's cash and cash equivalent position was Rp 3,445 billion while its total assets were worth Rp 39,641 billion, with a net gearing ratio of 39.7%.

(vi) Experienced management team

The Sponsor has a highly experienced management team with deep industry knowledge across its business segments. The 30 members of its board of directors and senior management team have an average of approximately 26 years of experience in the property industry. Together they form a talented and experienced leadership team. The Sponsor believes that its management team follows a prudent approach in order to implement a balanced growth strategy. Most of its senior management team have worked together for more than five years.

6. GROWTH STRATEGY

The principal investment strategy of the First REIT Manager is to invest in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes (including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate-related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

First REIT seeks to promote healthcare and healthcare-related properties that are positioned to capitalise on the growth of healthcare in Asia. The First REIT Manager's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit in order to provide Unitholders with capital appreciation on their investments.

The First REIT Manager plans to achieve these objectives through the following strategies:

- Acquisition Growth Strategy;
- Capital and Risk Management Strategy; and
- Active Asset Enhancement and Management Strategy.

Acquisition Growth Strategy

First REIT's acquisition growth strategy envisages investments in healthcare and/or healthcare-related assets in Asia that are in the interests of Unitholders. The First REIT Manager consistently identifies and evaluates assets for future acquisition by First REIT. Potential acquisition targets include assets in regional healthcare and/or healthcare-related markets with high growth potential such as Indonesia, Singapore, China, Malaysia, Japan, Thailand, Hong Kong and Australia.

The First REIT Manager will pursue opportunities for asset acquisitions that will provide attractive cash flows and returns relative to First REIT's cost of capital, and opportunities for future income and capital growth. In evaluating future acquisition opportunities, the First REIT Manager will seek acquisitions that may enhance the diversification of the portfolio by geography and asset profile, and optimise risk-adjusted returns to the Unitholders. The First REIT Manager believes it is well qualified to pursue its acquisition strategy. The management of the First REIT Manager has extensive experience and a strong track record in sourcing, acquiring and financing healthcare and/or healthcare-related assets regionally. The management's industry knowledge, relationships and access to market information provide a competitive advantage with respect to identifying, evaluating and acquiring healthcare and/or healthcare-related assets.

The First REIT Manager's acquisition growth strategy will be underpinned by:

(i) First REIT's relationship with the Sponsor

First REIT is able to leverage on the Sponsor's experience, market reach and network of contacts for its acquisition strategy to evaluate and execute appropriate acquisitions that are in the interests of Unitholders and provide potential for income and capital growth. The Sponsor will support the portfolio growth of First REIT in the following ways:

- Allowing the First REIT Manager to leverage on the established network of relationships that the Sponsor has developed over the years to pursue the growth strategy of First REIT;
- Lending its extensive experience and expertise in the healthcare and property industry to the First REIT Manager in assessing potential acquisition opportunities; and

Subject to certain circumstances, a strong pipeline of 46 hospitals to date to which First REIT has a right of first refusal, providing a steady and strong pipeline of healthcare assets available for acquisition by First REIT.

(ii) Key opportunities arising from trends in the healthcare industry

The First REIT Manager believes that healthcare service providers are increasingly looking to free up capital for business expansion, which may increase the availability of assets for acquisition. In addition, First REIT can seek partnership and co-operation opportunities with the Sponsor as it expands beyond Indonesia, Singapore and South Korea.

The aging population in Asia has continued to drive demand for healthcare needs, in particular, Indonesia, Southeast Asia's largest economy, where First REIT has a strong foothold of 12 high-quality assets as at 31 March 2015.

The Indonesian economy grew at a slower-than-expected pace of 4.71 per cent. in the first quarter of 2015, mainly due to a collapse in commodities prices, as well as the fact that weak government spending and consumer spending that had supported growth in the past also showed signs of softening on a weak Rupiah and higher prices. In addition, unemployment continued to rise amidst the weak economic growth. However, it is noted that the Indonesian President Joko Widodo had pledged, upon taking office in October 2014, to increase infrastructure spending, boost investment and achieve an economic growth rate of 7 per cent. by 2017, and the Indonesian government had also indicated that it will implement a set of policies to revive growth.

On 18 June 2015, Bank Indonesia, which is Indonesia's central bank, kept its main interest rate unchanged at 7.5 per cent. for a fourth month, as the weakening Rupiah and high inflation curbed room for policy easing. Bank Indonesia forecasted inflation to remain at above 7 per cent. through September 2015 as an El Nino weather pattern threatens to damage crops. In addition, Bank Indonesia took several steps aimed at deepening the Indonesian currency market and stabilising the Rupiah, including relaxing rules on foreign exchange transactions and setting hedging rules for Indonesian companies, and also intends to be on standby to intervene in the foreign exchange and bond markets to ensure stability.

In addition, Singapore's ageing population coupled with the shortage of beds in hospitals and nursing homes will continue to spell opportunities for First REIT. With the Singapore government's commitment to improve palliative, tertiary and long-term care, nursing homes here will continue to want to add on more capacity.

(iii) First REIT's regional investment strategy

First REIT's regional investment strategy enables it to potentially gain access to more acquisition opportunities in Asia.

In evaluating asset acquisition opportunities, the First REIT Manager will focus on the following criteria:

- Impact on income distributions: The First REIT Manager will continue to seek to acquire healthcare and healthcare-related assets that provide returns above First REIT's cost of capital, and are thereby expected to maintain or enhance First REIT's distributions per Unit as well as provide future long-term growth prospects which are consistent with First REIT's pre-acquisition portfolio;

- Opportunities for creating value: The First REIT Manager will continue to seek healthcare and healthcare-related assets which provide opportunities for creating value such as hospitals which have been under-managed or under-capitalised, or which offer expansion or renovation opportunities;

- Location: The First REIT Manager will continue to acquire healthcare and healthcare-related assets in markets with high growth potential. Within these markets, the First REIT Manager will seek to acquire assets in strategic or prime locations;

- Geographical diversification: The First REIT Manager will continue to acquire properties that improve the geographical diversion of First REIT's portfolio;

- Management quality: The quality and experience of management and the creditworthiness of the operator of the healthcare and/or healthcare-related property;

- Financial soundness: The healthcare and/or healthcare-related assets' historical and forecasted cash flows, its ability to meet operational needs, its capital expenditure requirements, its lease or debt service obligations as well as its ability to provide a competitive return on investment to First REIT;

- Regulatory and tax implication: The tax growth and regulatory environment of the jurisdiction in which the healthcare and/or healthcare-related assets are located;

- Operational profile: The occupancy of and demand for similar healthcare and/or healthcare-related assets in the same or nearby communities;

- Patients' profiles: The profiles of patients who frequent, are attracted to, or will be attracted to, the healthcare and/or healthcare-related assets;

- Building and facility specifications: The First REIT Manager will examine specification such as construction quality, condition and design, as well as the size and age of the buildings. The potential to add value through selective renovation or other enhancements will also be assessed; and

- Engineering, environmental and land survey reports: The First REIT Manager will rely on reports submitted by a range of experts that cover matters such as: (i) building deterioration, (ii) maintenance, repairs and capital expenditure requirements, (iii) environmental matters, and (iv) compliance with building regulations. These reports will be used to assess building conditions and expected levels of capital expenditure in the short- to medium-term.

Capital and Risk Management Strategy

The First REIT Manager employs an appropriate mix of debt and equity in any financing including that of future acquisitions, and utilises currency and interest rate hedging strategies, where appropriate, to optimise risk-adjusted returns to the Unitholders.

The objectives of the First REIT Manager in relation to capital management are to:

- maintain a strong balance sheet by adopting and maintaining a target gearing ratio;

- secure diversified funding sources from financial institutions and capital markets as First REIT continually assesses regional expansion and acquisition opportunities;

- adopt a proactive interest rate management strategy to manage risks related to interest rate fluctuations; and

- manage the foreign exchange exposure through hedging, where appropriate.

By doing so, the First REIT Manager believes that First REIT will optimise Unitholders' returns while maintaining operating flexibility when considering capital expenditure requirements.

The First REIT Manager periodically reviews First REIT's capital management policy with respect to its aggregate leverage and modifies the policy as its management deems prudent in light of prevailing market conditions. In this situation, its strategy will generally be to match the maturity of its indebtedness with the maturity of its investment assets, and to employ long-term, fixed-rate debt to the extent practicable in view of market conditions in existence from time to time.

The key aspects of the First REIT Manager's capital and risk management strategy are as follows:

(i) Maintaining a target gearing ratio

The First REIT Manager aims to maintain gearing within borrowing limits allowable under the Property Funds Appendix. Furthermore, by achieving the right ratio of debt and equity, the First REIT Manager will be able to minimise cost of capital and maximise returns to Unitholders.

(ii) Securing diversified funding sources from financial institutions and capital markets as First REIT will continually assess regional expansion and acquisition opportunities

In order to finance future acquisitions and refurbishment of properties, in addition to any bank borrowings, the First REIT Manager will consider accessing the debt capital markets through the issuance of bonds and/or notes to diversify its sources of funding. The debt market provides First REIT with the ability to secure longer term funding options in a more cost-efficient manner. In addition to its debt strategy, the First REIT Manager will continue to capitalise on opportunities to raise additional equity capital for First REIT through the issuance of additional Units, if First REIT has an appropriate use for such proceeds.

(iii) A proactive interest rate management strategy

The First REIT Manager will adopt a proactive interest rate management policy to manage the risk associated with changes in interest rates on any loan facilities while also seeking to ensure that First REIT's ongoing cost of debt capital remains competitive.

(iv) Managing foreign exchange exposure through hedging, where appropriate

In order to manage the currency risks associated with the capital values of the overseas assets, the First REIT Manager will, to the extent possible, adopt a natural hedging strategy by borrowing in the same currency as the underlying asset. First REIT's strategy will generally match the currency denomination of its debt with the currency denomination of its investment assets.

Active Asset Enhancement and Management Strategy

The First REIT Manager intends to implement pro-active measures to enhance the returns from the existing and future properties in First REIT's portfolio. Such measures may include:

- addition and alteration works, including work carried out for the purpose of expanding size and capacity;

- leveraging and enhancing the properties' competitive strengths to optimise rentals and enhancement projects to maintain the competitive positioning of such properties;

- promoting a niche position for the properties in First REIT's portfolio / raising the profile of the properties in First REIT's portfolio; and

- (in relation to future properties to be acquired by First REIT) obtaining contractual rent escalations under long-term, non-cancellable, "triple-net" leases, backed by security deposits consisting of guarantees, irrevocable letters of credit or cash, most of which cover six months of initial monthly minimum rents. Additional security will be provided typically by covenants regarding minimum working capital and net worth, liens on accounts receivable and other operating assets, and various provisions for cross-default, and cross-collateralisation, as appropriate.

7. COMPETITIVE STRENGTHS

First REIT has the following competitive strengths:

(a) Strategic and Prime Location

All of First REIT's properties in Indonesia, Singapore and South Korea are strategically located in areas with a large catchment area of potential patients or (as the case may be) hotel guests.

<u>Indonesia</u>

Siloam Sriwijaya is located in Palembang, which is the capital city of the South Sumatra, the second largest city in Sumatra and the seventh largest in Indonesia. Siloam Hospitals Purwakarta is located in the fast growing city of Purwakarta in the West Java Region which is located in between City of Jakarta and Bandung. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Siloam Hospitals TB Simatupang is located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas, is near the middle- to upper-class residential areas of Pondok Indah and Cinere, and is highly accessible via public and private transportation.

Siloam Hospitals Surabaya is located in the central area of Surabaya, the second largest city in Indonesia. The catchment area of potential patients for this hospital is large, given the relatively low number of similar high-quality hospitals in the region. Siloam Hospitals Lippo Cikarang is situated in the growing residential and industrial areas of East Jakarta, whereas Siloam Hospitals Lippo Village is conveniently located in the first private sector township of Lippo Village, with a sizeable potential patient base of a population of over 3.2 million in Tangerang Regency (Lippo Village township included).

Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. Siloam Hospitals Manado & Hotel Aryaduta Manado is located on the primary roads of Manado City, and is surrounded by notable developments such as the IT Center and Mega Mall Manado. Siloam Hospitals Makassar is well-positioned in a growing residential and commercial area in Makassar City.

Imperial Aryaduta Hotel & Country Club, located in Lippo Village, is a business and recreational complex comprising a 197-room five-star hotel (with 197 saleable rooms) and a country club providing a wide range of sports, recreation, conference, and food and beverage services. It is well positioned to benefit from healthcare tourism as the hotel provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families.

Mochtar Riady Comprehensive Cancer Centre is conveniently located near Plaza Semanggi, the Aryaduta Suites Hotel Semanggi and other international five-star hotels in the central business district of Jakarta.

Singapore

The Pacific Healthcare Nursing Home @ Bukit Merah is located on the southern flank of Lengkok Bahru, a short distance away from its junction with Hoy Fatt Road and within the Housing Development Board ("**HDB**") Bukit Merah Estate. It is approximately 6 km from the city centre.

The locality is mainly residential in character. There is a small industrial belt to the south of Jalan Bukit Merah. Prominent landmarks nearby include the Corrupt Practices Investigation Bureau, Bukit Merah Secondary School, Gan Eng Seng Primary School and School Cluster Centre (Ministry of Education) amongst others.

Accessibility to other parts of the island is enhanced by its close proximity to the Central / Ayer Rajah Expressways and the nearest MRT station is Redhill MRT station.

The Pacific Healthcare Nursing Home II @ Bukit Panjang is located on the western flank of Senja Road, before the section of the road bend, and within the HDB Bukit Panjang New Town. It is approximately 15 km from the city centre.

The locality is mainly residential in character comprising HDB flats within Bukit Panjang interspersed by some apartment/condominium developments such as Mayspring, Nicon Gardens, Hazel Park Condominium, etc. Prominent landmarks nearby include Bukit Panjang Plaza, Junction 10, Gracefield Kindergarten and Bukit Panjang Primary School, amongst others. Social amenities, marketing facilities and eateries are readily available in the neighbourhood.

Accessibility to other parts of Singapore is enhanced by its close proximity to the Bukit Timah/Kranji Expressways and the nearest LRT/MRT Stations are at Senja and Bukit Panjang respectively.

The Lentor Residence is located on the south-western flank of Lentor Avenue which connects Yio Chu Kang Road to Yishun Avenue 2. It is approximately 14 km from the city centre.

The locality is primarily residential in character with residential developments/estates such as Bullion Park, The Countryside, Melody Villas and Lentor Villas, amongst others. To the further north lies the HDB Yishun New Town. Prominent landmarks nearby include Seletar Reservoir, Orchid Golf and Country Club, etc.

Accessibility to other parts of the island is enhanced by its close proximity to the Seletar/Tampines Expressways and the nearest MRT Station is at Yio Chu Kang.

South Korea

The Sarang Hospital is one of the largest rehabilitative and nursing facilities in Yeosu City, South Korea. It is centrally located in the beach resort city of Yeosu, host to the 2012 World Expo and has a population of about 300,000.

(b) Benefits from the Sponsor's Property Management and Operating Expertise as well as the Sponsor's Expertise in Managing Healthcare Businesses and Properties

The Sponsor is an internationally recognised corporation and is also the largest listed property company in Indonesia.

Its property portfolio comprises townships and residential developments, commercial and retail development properties, healthcare, infrastructure and hospitality properties. The Sponsor has a recognised track record in the planning and development of large property, infrastructure and township projects as well as the subsequent ongoing maintenance, upkeep and renovation of properties.

The Sponsor is also the leading provider of private sector medical services in Indonesia under its "Siloam Hospitals" brand. The Sponsor's presence in the healthcare business dates back to 1995, when it established and developed Siloam Hospitals Lippo Karawaci in the same year and Siloam Hospitals Lippo Cikarang in 2002. It also acquired and integrated Siloam Hospitals Surabaya in 1996 and 2002 respectively, as well as Siloam Hospitals West Jakarta (currently known as Siloam Hospitals Kebon Jeruk) in 1997 and 1998 respectively. In 2011, the Sponsor opened the Mochtar Riady Comprehensive Cancer Centre, the first ever specialised hospital for cancer in Indonesia. Currently, the Sponsor operates a total of 20 hospitals with a bed capacity of more than 4,700 beds in 15 cities across Indonesia, and the Sponsor is targeting to operate approximately 50 hospitals with a bed capacity of approximately 10,000 beds by 2017. The Sponsor has an experienced and well-qualified team in charge of managing the healthcare business and properties.

The First REIT Manager believes that First REIT can draw from the Sponsor's portfolio expertise and experience in the healthcare industry to provide First REIT with access to healthcare and/or healthcare-related assets across Asia.

(c) Centres of Excellence at Each of the Hospitals in Indonesia

Each of the hospitals in Indonesia has its own Centres of Excellence, which is a term used by the Sponsor to describe a particular area of medical specialisation, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of-the-art medical equipment and facilities at a hospital. The Centres of Excellence are as follows:

Siloam Sriwijaya has a Centre of Excellence Centre for emergency and trauma. Siloam Hospital Purwakarta has a Centre of Excellence in Emergency and Trauma and is registered to treat patients under the Health Ministry's Social Security Management Agency (*Badan Penyelenggara Jaminan Sosial / BPJS*) Program. Siloam Hospitals Bali has Centres of Excellence in Trauma, Medical Tourism, Intensive Care Unit, Orthopaedics and Cardiology. Siloam Hospitals TB Simatupang has Centres of Excellence in Trauma, Cardiology, Oncology and Neuroscience. Mochtar Riady Comprehensive Cancer Centre has a Centre of Excellence for its Oncology Digestive Unit while Siloam Hospitals Lippo Cikarang is known for its Centres of Excellence in Urology, Internal Medicine and Trauma.

Siloam Hospitals Lippo Village has Centres of Excellence for Neuroscience and Cardiology while Siloam Hospitals Kebon Jeruk also has Centres of Excellence for Urology and Orthopaedics. **Siloam Hospitals Surabaya** is known for its Centre of Excellence in Fertility Services.

Siloam Hospitals Manado is known for its Centre of Excellence in Trauma while Siloam Hospitals Makassar is known for its Centre of Excellence in Trauma and Cardiology.

(d) Sustainable Growth Supported by Long-Term Lease Structures

First REIT's properties are under long-term master leases of 10 to 15 years with the option to extend for another 10 to 15 years. As at 31 March 2015, its portfolio of quality assets has a weight average lease expiry of 11.0 years with 100% committed occupancy. The long term leases enhance portfolio resilience, which strengthens the stability of rental income.

First REIT's long term leases have stepped-up rental increases which provide stable growth for the portfolio, where annual rent escalation for its properties are set to increase by two times the percentage increase of Singapore's CPI, subject to a cap of 2%. In the case where CPI percentage variation is a negative value, such valuation shall be deemed to be zero. This favorable lease structure offers simultaneous safeguards against deflationary pressures and flexibility to capture revenue growth for First REIT.

Furthermore, the First REIT's Indonesia Properties have an additional variable rental growth component as a function of total gross revenue of the properties.

These long term committed leases have minimal exposure to increases in operating expenses because the master lessee bears all operating costs relating to the property, including maintenance, certain taxes and insurance.

(e) Stable and Strong Distribution Model

First REIT continues to maintain a payout policy of 100% of taxable income since its listing in December 2006 and its distributable income is on a consistent uptrend.

(f) Strong Financial Position with Efficient Capital Management

First REIT has surpassed the initial phase target of S$1 billion in portfolio size following the acquisition of three high-quality hospitals in Indonesia. First REIT has a portfolio of 16 properties across Asia and a total asset value of S$1.17 billion. It continues to maintain an optimal capital management strategy and prudent debt structure to provide capital and earning stability. As at 31 March 2015, its gearing ratio was 33.0% which is below the regulatory limit of 35%.

(g) *Established Management with Strong Track Record*

The First REIT Manager is indirectly owned by the Sponsor. It is made up of individuals with a broad range of commercial skills and experiences in real estate, finance, legal, asset management and healthcare. The First REIT Manager is committed to build a portfolio of assets that will provide consistent and sustainable returns to the Unitholders.

(h) *Diverse Portfolio of Healthcare-Related Properties Across Asia*

First REIT has a well-diversified portfolio of high quality healthcare and healthcare-related hospital assets located in Indonesia, Singapore and South Korea where there are growing needs for quality healthcare facilities.

(i) *Strong Sponsor and Opportunities for Acquisition Growth*

The Sponsor is Indonesia's largest broad-based listed property company and it operates Siloam Hospitals Group, Indonesia's most progressive and innovative healthcare provider. It has achieved international class standards.

The Sponsor continues to have a strong pipeline of hospitals. It has been expanding its Siloam Hospitals footprint across Indonesia and has a robust pipeline of 46 hospitals to which First REIT has the first right of refusal. First REIT is also constantly on the lookout for yield-accretive quality healthcare assets in other parts of Asia to acquire.

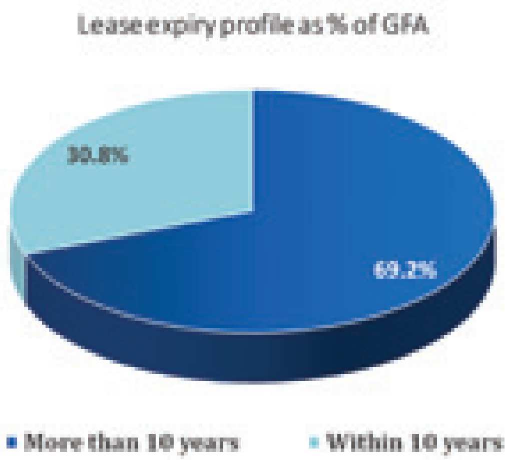
8. THE PROPERTIES

The Lease Expiry Profile of the Properties and the Rental Income Profile of the Master Leases are set out below.

Lease Expiry Profile of the Properties

The graph below illustrates the lease expiry profile of the Properties. The earliest rental renewal will occur in 2021.

Master Lease	Expiry
Sarang Hospital	Aug 2021
Siloam Hospitals Lippo Village	Dec 2021
Siloam Hospitals Kebon Jeruk	Dec 2021
Siloam Hospitals Surabaya	Dec 2021
Imperial Aryaduta Hotel & Country Club	Dec 2021
Mochtar Riady Comprehensive Cancer Centre	Dec 2025
Siloam Hospitals Lippo Cikarang	Dec 2025
Pacific Healthcare Nursing Home @ Bukit Merah	Apr 2027
Pacific Healthcare Nursing Home II @ Bukit Panjang	Apr 2027
The Lentor Residence	Jun 2027
Siloam Hospitals Manado & Hotel Aryaduta Manado	Nov 2027
Siloam Hospitals Makassar	Nov 2027
Siloam Hospitals Bali	May 2028
Siloam Hospitals TB Simatupang	May 2028
Siloam Hospitals Purwakarta	May 2029
Siloam Sriwijaya	Dec 2029



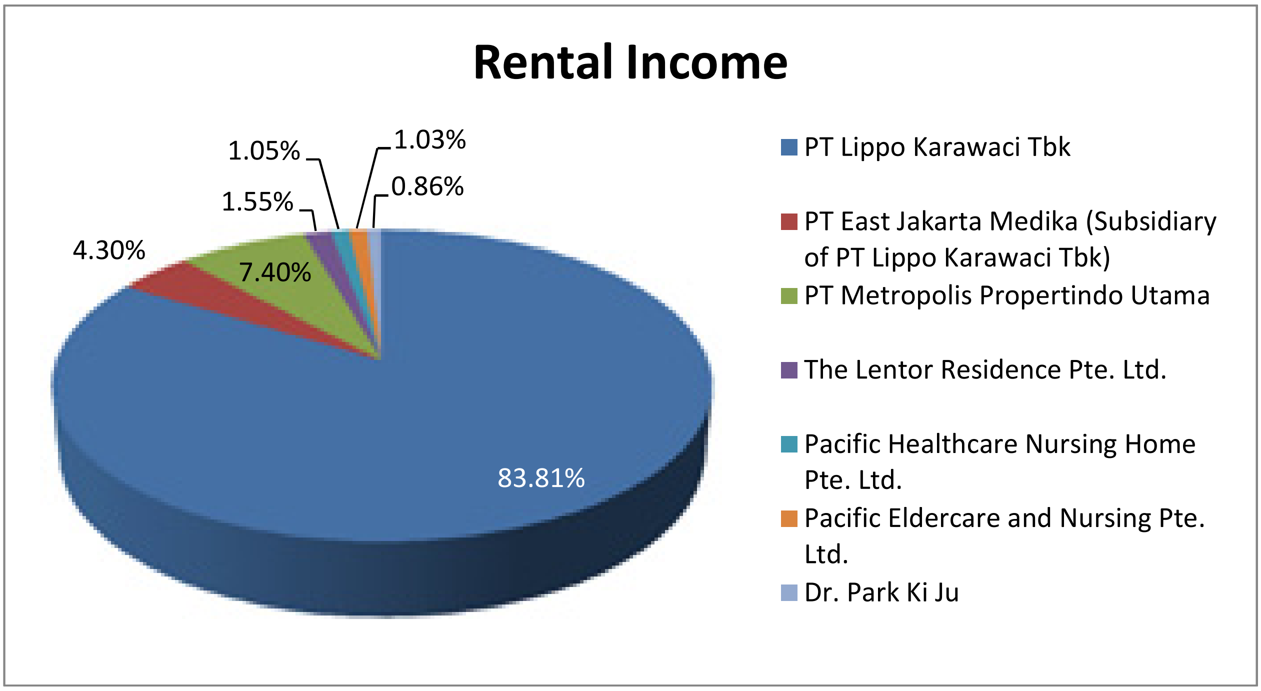
Note:

As at the Latest Practicable Date

- **Rental Income Profile of Master Leases as at 31 March 2015**

The graph below illustrates the rental income profile of the respective master leases as at 31 March 2015.

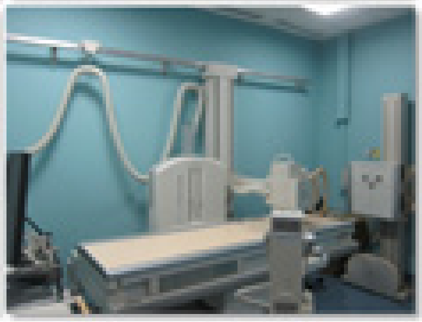
Tenant	%
PT Lippo Karawaci Tbk	83.81%
PT East Jakarta Medika (Subsidiary of PT Lippo Karawaci Tbk)	4.30%
PT Metropolis Propertindo Utama	7.40%
The Lentor Residence Pte. Ltd.	1.55%
Pacific Healthcare Nursing Home Pte. Ltd.	1.05%
Pacific Eldercare and Nursing Pte. Ltd.	1.03%
Dr Park Ki Ju	0.86%



INDONESIA PORTFOLIO

Siloam Sriwijaya

Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia.



Siloam Sriwijaya is a seven-storey hospital building which was completed in 2012. It has an operational capacity of 135 beds, with a maximum capacity of 347 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and 800 vehicle parking lots.

Siloam Sriwijaya is currently operating under the "Siloam Hospitals" brand. Siloam Sriwijaya has a GFA of about 15,709 square metres ("**sq m**"). The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for emergency and trauma.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centre of Excellence	Emergency and Trauma
Strata Floor Area (sq m)	15,709
Purchase Price (S$)	39.16 million
Appraised Value[1] (S$)	43.79 million
No. of Beds / Saleable Rooms	Operational capacity of 135 beds, with a maximum capacity of 347 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 29 December 2014
Strata Tenure	The strata title certificates below are expiring on 3 February 2044: (1) HMSRS No.6982/RM/RS/01 (2) HMSRS No.6983/03/RS/01 (3) HMSRS No.6985/05/RS/01 (4) HMSRS No.6986/02/RS/01 (5) HMSRS No.6987/GF/RS/01 (6) HMSRS No.6993/06/RS/01 (7) HMSRS No.6994/01/RS/01 (8) HMSRS No.6995/UG/RS/01

1 Appraised by KJPP Winarta & Rekan as the valuation arm of Jones Lang LaSalle in Indonesia as at 1 October 2014.

Siloam Hospitals Purwakarta

Jalan Bungursari No. 1, Sub-district Cibening, District Campaka, Purwakarta, West Java, Republic of Indonesia.





Siloam Hospitals Purwakarta comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. Siloam Hospitals Purwakarta underwent major refurbishment works which were fully completed in September 2014. SHPW is operating under the "Siloam Hospitals" brand. Siloam Hospitals Purwakarta has a total GFA of about 8,254 sq m and is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces. Siloam Hospitals Purwakarta is a Centre of Excellence for emergency and trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency (Badan Penyelenggara Jaminan Sosial/BPJS) Program.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centre of Excellence	Emergency and Trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency (Badan Penyelenggara Jaminan Social/ BPJS) Program
Land Area (sq m)	7,990
Gross Floor Area (sq m)	8,254
Purchase Price (S$)	31.0 million
Appraised Value[1] (S$)	38.1 million
No. of Beds / Saleable Rooms	203 beds
Year of Building Completion	2005 (for the three-storey building) and 2008 (for the five-storey building)
Lease Terms	15 years with option to renew for 15 years with effect from 28 May 2014
Land Tenure[2]	The SHGB title certificates below are expiring on 14 November 2043: (1) SHGB No. 01666/Cibening (2) SHGB No. 01667/Cibening (3) SHGB No. 01668/Cibening (4) SHGB No. 02189/Cibening (5) SHGB No. 01670/Cibening; The remaining SHGB title, SHGB No. 01050/Cibening, is expiring on 27 November 2043.

1 Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 31 October 2014.

2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Bali

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

Siloam Hospitals Bali has an operational capacity of 295 beds, with integrated shops for related use. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the close vicinity of Siloam Hospitals Bali include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. Siloam Hospitals Bali is a Centre of Excellence for trauma, medical tourism, intensive care unit, orthopaedic and cardiology.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Integrated Hospital and shops for related use
Centre of Excellence	Trauma, Medical Tourism, Intensive Care Unit, Orthopaedic and Cardiology
Land Area (sq m)	9,025
Gross Floor Area (sq m)	20,958
Purchase Price (S$)	97.3 million
Appraised Value[1] (S$)	121.6 million
No. of Beds / Saleable Rooms	295 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 13 May 2013
Land Tenure[2]	(1) HGB no. 911/Kuta; expires on 26 March 2038 (2) HGB no. 912/Kuta; expires on 26 March 2038 (3) HGB no. 913/Kuta; expires on 26 March 2038 (4) HGB no. 914/Kuta; expires on 26 March 2038 (5) HGB no. 915/Kuta; expires on 26 March 2038 (6) HGB no. 916/Kuta; expires on 26 March 2038 (7) HGB no. 917/Kuta; expires on 26 March 2038

1 Appraised by KJPP Willson & Rekan in association with Knight Frank as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals TB Simatupang

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

Siloam Hospitals TB Simatupang, a 16-storey hospital with two basement levels, commenced operations on 15 April 2013. Siloam Hospitals TB Simatupang has an operational capacity of 271 beds. Siloam Hospitals TB Simatupang, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near to the middle to upper class residential area of Pondok Indah and Cinere, is highly accessible via public and private transportation.

Notable developments in the vicinity of Siloam Hospitals TB Simatupang include Metropolitan Tower Office Building, Point Square Superblock and the upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

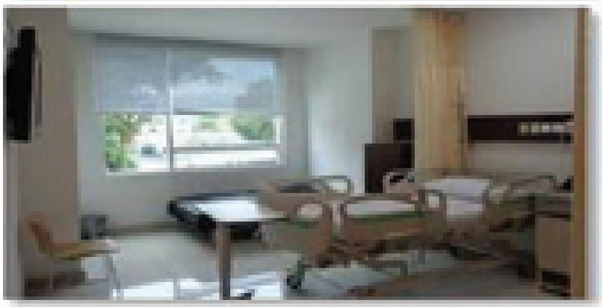
Key Statistics (as at 31 March 2015 unless otherwise stated)

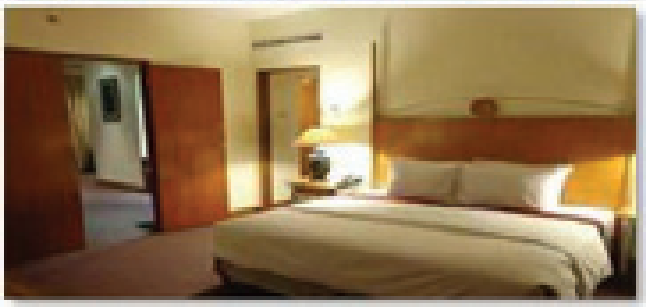
Type	Hospital
Centre of Excellence	Trauma, Cardiology, Oncology and Neuroscience
Land Area (sq m)	2,489
Gross Floor Area (sq m)	18,605
Purchase Price (S$)	93.1 million
Appraised Value[1] (S$)	116.5 million
No. of Beds / Saleable Rooms	271 beds
Year of Building Completion	2013
Lease Terms	15 years with option to renew for 15 years with effect from 22 May 2013
Land Tenure[2]	SHGB No. 2577/Cilandak; expiring on 28 September 2028

1 Appraised by KJPP Willson & Rekan in association with Knight Frank as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Manado & Hotel Aryaduta Manado

Jalan Sam Ratulangi No. 22 Komplek Boulevard Center, and at Jalan Piere Tendean No. 1, Wenang Utara Sub-District, Wenang District, Manado – North Sulawesi 95111, Republic of Indonesia





Siloam Hospitals Manado & Hotel Aryaduta Manado is an 11-storey mixed use development with a basement level comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which are located on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 224 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 200 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the west side of Jalan Sam Ratulangi and on the east side of Jalan Piere Tendean respectively, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. Notable developments in the close vicinity of the Siloam Hospitals Manado & Hotel Aryaduta Manado include IT Center, Mega Mall Manado and Komandan Korem (Danrem) 131/Santiago (a military office).

It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space. Siloam Hospitals Manado is fully equipped with the latest medical equipment and facilities, including CT, MRI, Ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

Siloam Hospitals Manado is a tourist-friendly hospital that caters to multiple classes of patients, comprising local residents from all socio-economic classes, corporate patients, and tourists. In order to enhance Siloam Hospitals Manado's image as a modern international hospital, Hotel Aryaduta Manado provides a full range of food and beverages catering to the patients and accommodation for family members as well as to tourists visiting Manado.

Other than Siloam Hospitals Manado's Centre of Excellence in trauma, the hospital will also serve to provide a comprehensive range of inpatient and outpatient services. Apart from therapeutic services, the hospital will also include an extensive range of diagnostic and preventive healthcare services.

Emergency and medical evacuation to and from the hospitals are available via designated ambulances. The state-of-the-art Accident and Emergency ("**A&E**") department hosts a two-bedded resuscitation unit and three procedural units for patients requiring minor surgical or anaesthetic procedures. Through the telemedicine system and helicopter ambulance services, Siloam Hospitals Manado is also planning to provide remote patient care or consultation for the workers at several mining sites in North Sulawesi.

Through the implementation of clinical capabilities that are currently scarcely available in the region, such as 24-hour GP clinics, ambulance call centre, clinical pathways for acute coronary syndrome and stroke patient management, fully rapid response land and air ambulances, Siloam Hospitals Manado is likely to be the regional Centre of Excellence in trauma and many clinical services.

Hotel Aryaduta Manado is a four-star hotel with 200 guest rooms. The Indonesian Association of Hotel and Restaurant (Perhimpunan Hotel dan Restoran Indonesia) has declared Hotel Aryaduta Manado as a five-star rated hotel and such decree shall be valid until June 2015.

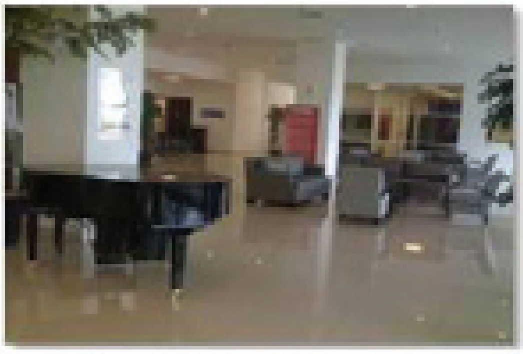
Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Integrated Hospital and Hotel
Centre of Excellence	Trauma
Land Area (sq m)	5,518
Gross Floor Area (sq m)	36,051
Purchase Price (S$)	83.6 million
Appraised Value[1] (S$)	104.2 million
No. of Beds / Saleable Rooms	Hospital: 224 beds Hotel: 200 rooms
Year of Building Completion	2011
Lease Terms	15 years with option to renew for 15 years with effect from 30 November 2012
Land Tenure[2]	(1) HGB No.55/Wenang Utara; expires on 18 May 2032 (2) HGB No.56/Wenang Utara; expires on 18 May 2032 (3) HGB No.57/Wenang Utara; expires on 18 May 2032 (4) HGB No.58/Wenang Utara; expires on 18 May 2032 (5) HGB No.74/Wenang Utara; expires on 18 May 2032 (6) HGB No.75/Wenang Utara; expires on 18 May 2032

1 Appraised by KJPP Willson & Rekan in association with Knight Frank as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Makassar

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



Siloam Hospitals Makassar, a new seven-storey hospital, commenced operations on 9 September 2012 with a maximum operational capacity of 416 beds. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial development.

Notable developments in the close vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebes Convention Center, Trans Makassar Mall and Losari Beach.

Siloam Hospitals Makassar will have state-of-the-art equipment, including CT, MRI, Ultrasound, Mammography and cardiac catheterization system, 58 specialist outpatient clinic suites and three operating theatres.

With Centres of Excellence in trauma and cardiology, emergency and medical evacuation to and from the hospital is available via designated ambulances. The A&E department hosts a three-bedded resuscitation unit and an observation ward equipped with 10 beds to serve any trauma and emergency patients in Makassar.

This A&E department is likely to provide additional support to the acute care needs of the local population residing in the urban or rural areas through its emergency care facilities backed by helicopter evacuation, well equipped Emergency Trauma Department with resuscitation units, and fully equipped ambulances. These capabilities are the first-of-its kind in the South Sulawesi.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centres of Excellence	Trauma and Cardiology
Land Area (sq m)	3,963
Gross Floor Area (sq m)	14,307
Purchase Price (S$)	59.3 million
Appraised Value[1] (S$)	72.3 million
No. of Beds	416 beds
Year of Building Completion	2012
Lease Terms	15 years with option to renew for 15 years with effect from 30 November 2012
Land Tenure[2]	HGB No.20007; expires on 22 December 2031

1 Appraised by KJPP Willson & Rekan in association with Knight Frank as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Mochtar Riady Comprehensive Cancer Centre

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

Mochtar Riady Comprehensive Cancer Centre is Indonesia's first private comprehensive cancer treatment centre with state-of-the-art equipment. Located near Plaza Semanggi, The Aryaduta Apartments and other, international five-star hotels in Central Jakarta, the 29-storey, 375-bed Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients.

Mochtar Riady Comprehensive Cancer Centre will not only adopt a preventative focus through health screening, but will also be the first facility in Indonesia to offer breakthrough technologies that are at the forefront of cancer treatment and cancer diagnostics globally. Amongst the other firsts for Mochtar Riady Comprehensive Cancer Centre are a palliative care & oncology wellness centre, high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT), and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning.

It will also provide chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, in-house clinical trials and integrated IT and PACS/RIS. Mochtar Riady Comprehensive Cancer Centre also aims to develop training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

Key Statistics (as at 31 March 2015 unless otherwise stated)

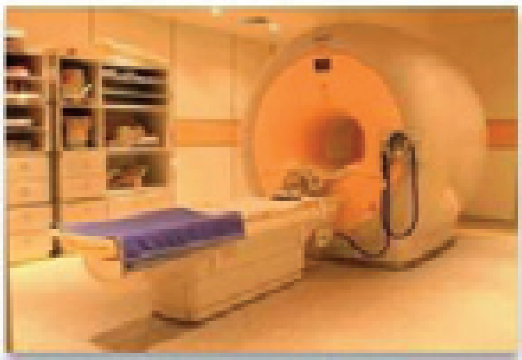
Type	Hospital
Centre of Excellence	Oncology Digestive Unit
Land Area (sq m)	4,145
Gross Floor Area (sq m)	37,933
Purchase Price (S$)	170.5 million
Appraised Value[1] (S$)	253.2 million
No. of Beds	375 beds
Year of Building Completion	2010
Lease Terms	15 years with option to renew for 15 years with effect from 30 December 2010
Land Tenure[2]	HGB No.277/Karet Semanggi; expires on 26 August 2035

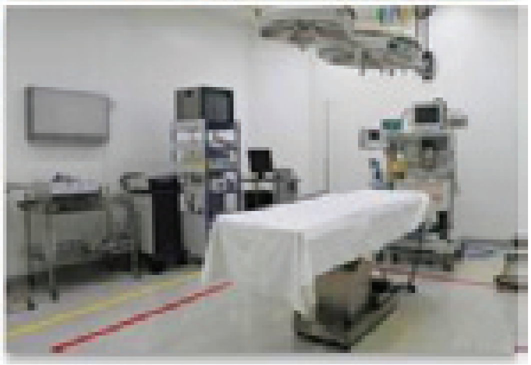
1 Appraised by KJPP Willson & Rekan in association with Knight Frank as at 31 October 2014.

2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Lippo Cikarang

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





Siloam Hospitals Lippo Cikarang was opened in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential area east of Jakarta. Siloam Hospitals Lippo Cikarang has 126 beds and is supported by 78 specialist doctors and 239 qualified nurses offering a broad range of general and specialist services, including an Accident and Emergency Department. Siloam Hospitals Lippo Cikarang has Centres of Excellence in Urology, Internal Medicine and Trauma.

In late 2007, an extracorporeal shock wave lithotripsy (EWSL) unit was commissioned to treat patients with kidney stones. It also is well respected for its Pediatric Neonatal Intensive Care Unit, which treats premature babies and sick babies. The Jakarta-Cikampek toll road and Cikarang industrial areas have made Siloam Hospitals Lippo Cikarang an ideal hospital in providing Trauma services. Siloam Hospitals Lippo Cikarang is supported by a 24-hour Accident and Emergency department and Ambulance Services with medical evacuation facilities, which includes daytime helicopter evacuation. Siloam Hospitals Lippo Cikarang also provides general surgery, orthopedic surgery, neurology surgery, plastic surgery, urology surgery, thorax and cardiovascular surgery.

Specialist doctors were appointed in 2005 to perform digestive surgery using Laparoscopy, a technique that minimises surgical trauma and accelerates recovery. Siloam Hospitals Lippo Cikarang caters to both inpatient and outpatient needs, and its Charter of Patients' Rights is actively promoted by its experienced team of medical professionals, whose training and expertise bring international standards in patient care.

Key Statistics (as at 31 March 2015 unless otherwise stated)

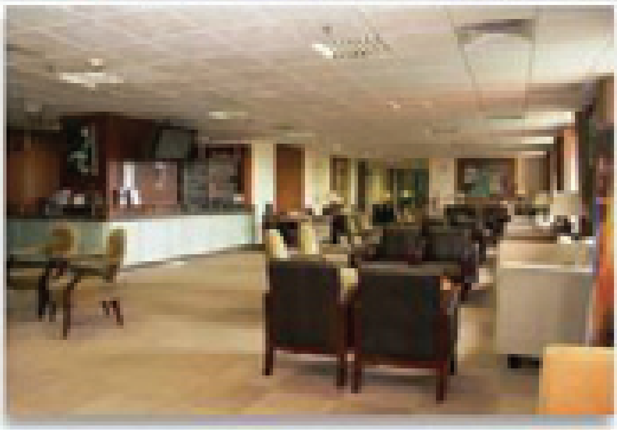
Type	Hospital
Centres of Excellence	Urology, Internal Medicine, Trauma
Land Area (sq m)	9,900
Gross Floor Area (sq m)	11,125
Purchase Price (S$)	35.0 million
Appraised Value[1] (S$)	46.0 million
No. of Beds	126 beds
Year of Building Completion	2002
Lease Terms	15 years with option to renew for 15 years with effect from 31 December 2010
Land Tenure[2]	HGB No.623/ Cibatu; expires on 5 May 2023

1 KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 31 October 2014.

2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Lippo Village

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



With Centres of Excellence for Neuroscience and Cardiology, Siloam Hospitals Lippo Village offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery. Conveniently located in the first private sector township of Lippo Karawaci, Siloam Hospitals Lippo Village is situated 25 km from Jakarta's Soekarno-Hatta International Airport. The hospital is close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta, the capital and business centre of Indonesia, to the industrial city of Merak.

With a population of over 3.7 million in Tangerang Regency (Lippo Karawaci township included), Siloam Hospitals Lippo Village has a sizeable potential patient base. In November 2007, Siloam Hospitals Lippo Village became the first Indonesian hospital to attain the United States-based Joint Commission International accreditation – the world's leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 27,284 sq m.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centres of Excellence	Neuro-science Centre, Heart Centre
Land Area (sq m)	17,442
Gross Floor Area (sq m)	27,284
Purchase Price (S$)	94.3 million
Appraised Value[1] (S$)	162.1 million
No. of Beds	260 beds
Year of Building Completion	1995
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure[2]	(1) HGB No.9687/Bencongan; expires on 25 Dec 2031 (2) HGB No.01261/Bencongan Indah; expires on 26 Jul 2032 (3) HGB No.01260/Bencongan Indah; expires on 26 Jul 2032 (4) HGB No.6938/Bencongan; expires on 26 Oct 2015 (5) HGB No.3867/Bencongan; expires on 25 Dec 2019 (6) HGB No.10186/Bencongan; expires on 24 Sep 2022 (7) HGB No.10187/Bencongan; expires on 24 Sep 2022

1 Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Siloam Hospitals Kebon Jeruk

Jalan Raya Pejuangan Kav. 8, Kebon Jeruk, Jakarta 11530, Indonesia

With Centres of Excellence for Urology and Orthopaedics, Siloam Hospitals Kebon Jeruk is known for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system. The hospital also offers prevention, medical treatment and rehabilitation services for musculoskeletal system diseases including bone, hinge, muscle, nerve/tendon and ligament.

With its location about 6.0 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 18,316 sq m.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centres of Excellence	Urology Centre, Orthopaedics
Land Area (sq m)	11,420
Gross Floor Area (sq m)	18,316
Purchase Price (S$)	50.6 million
Appraised Value[1] (S$)	91.9 million
No. of Beds	201 beds
Year of Building Completion	1991
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure[2]	HGB No.1313/Kebon Jeruk; expires on 10 Aug 2017

1 Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of “leasehold” title.

Siloam Hospitals Surabaya

Jalan Raya Gubeng No. 70, Surabaya 60281, Indonesia

Siloam Hospitals Surabaya is a Centre of Excellence for fertility services, and the hospital successfully performed 1,022 ovum pick ups and has a 49% pregnancy rate from 973 embryo transfers in 2014. Located in the central area of Indonesia's second largest city – Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively lower number of higher quality hospitals in the region.

Surabaya is expected to witness increasing demand for healthcare-related services as a result of strong per capita income growth. The hospital occupies a land area of 6,862 sq m and has a GFA of 9,227 sq m.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Centres of Excellence	Fertility Centre, Stroke Centre
Land Area (sq m)	6,862
Gross Floor Area (sq m)	9,227
Purchase Price (S$)	16.8 million
Appraised Value[1] (S$)	33.2 million
No. of Beds	160 beds
Year of Building Completion	1977
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure[2]	(1) HGB No.325/Gubeng; expires on 30 March 2033 (2) HGB No.343/Gubeng; expires on 8 May 2014 (3) HGB No.340/Gubeng; expires on 8 May 2014 (4) HGB No.476/Gubeng; expires on 26 Nov 2021 (5) HGB No.494/Gubeng; expires on 7 Sep 2023 (6) HGB No.408/Gubeng; expires on 24 Sep 2026 (7) HGB No.410/Gubeng; expires on 24 Sep 2026 (8) HGB No.243K/Gubeng; expires on 31 Jan 2029 (9) HGB No.264/Gubeng; expires on 18 Sep 2030

1 Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 31 October 2014.

2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

Imperial Aryaduta Hotel & Country Club

Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia

One of the very few hotels with linked country clubs in Jakarta, the 197-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services.

Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business ravelers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,427 sq m.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hotel and Country Club
Land Area (sq m)	54,410
Gross Floor Area (sq m)	17,427
Purchase Price (S$)	21.2 million
Appraised Value[1] (S$)	42.1 million
No. of Saleable Rooms	197 rooms
Year of Building Completion	1994
Lease Terms	15 years with option to renew for 15 years with effect from 11 December 2006
Land Tenure[2]	(1) HGB No.01332/ Bencongan Indah; expires on 26 Jul 2032 (2) HGB No.01333/ Bencongan Indah; expires on 26 Jul 2032 (3) HGB No.01334/ Bencongan Indah; expires on 26 Jul 2032 (4) HGB No.01335/ Bencongan Indah; expires on 26 Jul 2032 (5) HGB No.9678/Bencongan; expires on 26 Oct 2015 (6) HGB No.9679/Bencongan; expires on 26 Oct 2015 (7) HGB No.9680/Bencongan; expires on 26 Oct 2015 (8) HGB No.9681/Bencongan; expires on 26 Oct 2015 (9) HGB No.9682/Bencongan; expires on 26 Oct 2015 (10) HGB No.9683/Bencongan; expires on 26 Oct 2015 (11) HGB No.10856/Bencongan; expires on 26 Oct 2015 (12) HGB No.10857/Bencongan; expires on 26 Oct 2015 (13) HGB No.00061/Bencongan Indah; expires on 12 May 2026 (14) HGB No.00062/Bencongan Indah; expires on 12 May 2026 (15) HGB No.00063/Bencongan Indah; expires on 28 Mar 2036

1 Appraised by KJPP Rinaldi, Alberth, Baroto and Partners in association with DTZ as at 31 October 2014.
2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of "leasehold" title.

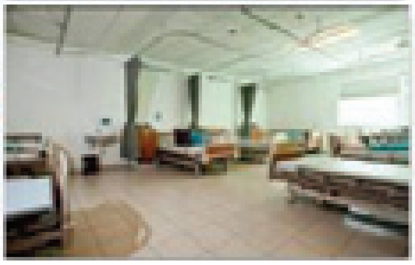
SINGAPORE PORTFOLIO

Pacific Healthcare Nursing Home @ Bukit Merah

6 Lengkok Bahru, Singapore 159051







Pacific Healthcare Nursing Home @ Bukit Merah, located close to Bukit Merah New Town and the Redhill MRT Station, as well as the city centre, is a four-storey custom-built nursing home with 259 beds, a basement car park and a roof terrace. Managed by Pacific Healthcare Nursing Home Pte. Ltd., the Home has a land area of 1,984 sq m and has a GFA of 3,593 sq m. Lease tenure for the land is for a period of 30 years with effect from 22 April 2002.

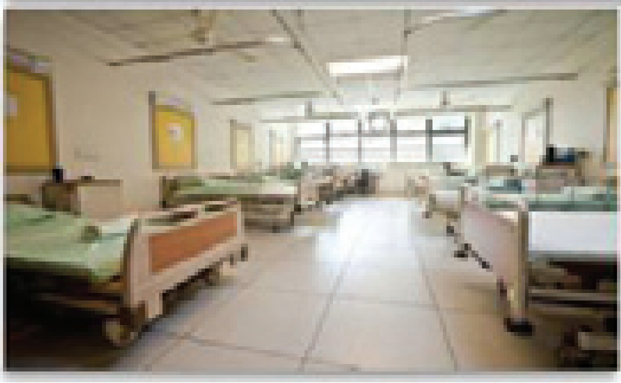
Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Nursing Home
Land Area (sq m)	1,984
Gross Floor Area (sq m)	3,593
Purchase Price (S$)	11.8 million
Appraised Value[1] (S$)	10.5 million
No. of Beds	259 beds
Year of Building Completion	2004
Lease Terms	10 years with option to renew for 10 years with effect from 11 April 2007 (Tenant has exercised the option)
Land Tenure	30 years with effect from 22 April 2002

1 Appraised by CBRE Pte. Ltd. as at 31 October 2014.

Pacific Healthcare Nursing Home II @ Bukit Panjang

21 Senja Road, Singapore 677736



Pacific Healthcare Nursing Home II @ Bukit Panjang is a five-storey custom-built nursing home with 265 beds and 33 car park lots. It is situated close to Bukit Panjang Town Centre and the Senja LRT Station, and is 18.0 km away from the city centre. Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30 years with effect from 14 May 2003.

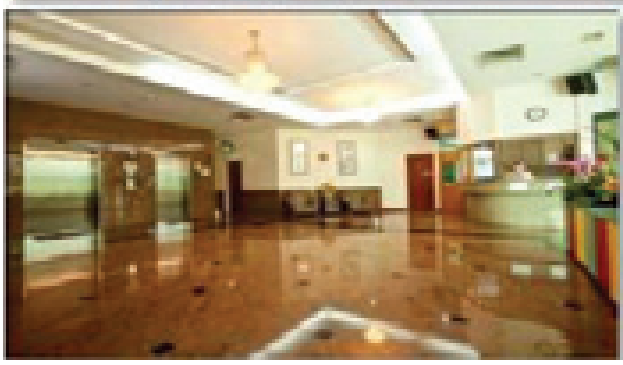
Key Statistics (as at 31 March 2015 unless otherwise stated)

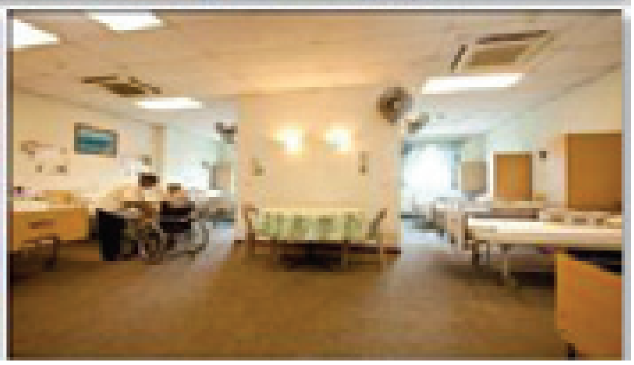
Type	Nursing Home
Land Area (sq m)	2,000
Gross Floor Area (sq m)	3,563
Purchase Price (S$)	11.5 million
Appraised Value[1] (S$)	10.6 million
No. of Beds	265 beds
Year of Building Completion	2006
Lease Terms	10 years with option to renew for 10 years with effect from 11 April 2007 (Tenant has exercised the option)
Land Tenure	30 years with effect from 14 May 2003

1 Appraised by CBRE Pte. Ltd. as at 31 October 2014.

The Lentor Residence

51 Lentor Avenue, Singapore 786876





The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2008 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

The asset enhancement of an additional storey and a five-storey extension building was completed in February 2013. Lease tenure for the land is for a period of 99 years with effect from 20 August 1938.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Nursing Home
Land Area (sq m)	2,486
Gross Floor Area (sq m)	4,005
Purchase Price (S$)	12.8 million
Appraised Value[1] (S$)	17.6 million
Cost of Asset Enhancement (S$)	5.0 million
No. of Beds	208 beds
Year of Building Completion	1999 for original building; 2013 for extension building
Lease Terms	10 years with option to renew for 10 years with effect from 8 June 2007 (Tenant has exercised the option)
Land Tenure	99 years with effect from 20 August 1938

1 Appraised by CBRE Pte. Ltd. as at 31 October 2014.

SOUTH KOREA PORTFOLIO

Sarang Hospital

267 – 9, 267 – 36 and 267 – 40 Bongsan-Dong, Yeosu City, Jeollanam – Do, South Korea

Sarang Hospital comprises a freehold six-storey hospital with one basement. It has a total GFA of 4,982 sq m and is located in Yeosu City, South Korea. It is equipped with rehabilitation facilities and currently operates 34 wards and has 217 beds.

Key Statistics (as at 31 March 2015 unless otherwise stated)

Type	Hospital
Land Area (sq m)	2,142
Gross Floor Area (sq m)	4,982
Purchase Price (US$)	13.0 million
Appraised Value[1] (S$)	8.3 million[2]
No. of Beds	217 beds
Year of Building Completion	2010
Lease Terms	10 years with option to renew for 10 years with effect from 5 August 2011
Land Tenure	Freehold

1 Appraised by CBRE Pte. Ltd. as at 31 October 2014.
2 Based on the exchange rate of US$1 = S$1.3214 as at 31 December 2014.

9. DESCRIPTION OF THE MASTER LEASE AGREEMENTS

The Properties in Indonesia and South Korea are leased by the respective special purpose companies holding the Properties to the Master Lessee while the Properties in Singapore are leased to the Master Lessee by the First REIT Trustee, pursuant to the Master Lease Agreements.

Under each Master Lease Agreement, the landlord leases to the Master Lessee the relevant property together with the mechanical and electrical equipment.

Principal Terms of the Master Lease Agreements

The term of each Master Lease Agreement is for 10 to 15 years with an option for the Master Lessee to obtain an additional lease for a further term of 10 to 15 years on terms and conditions to be discussed and agreed. The rent for the further term shall be at the then prevailing market rent, as may be agreed by the relevant landlord and the Master Lessee. For the Indonesia Properties, if there is no agreement by the relevant landlord and the Master Lessee on such prevailing market rent, the rent for the further term will be based on the rent applicable to the 15th year of the term adjusted upwards taking into account the aggregated percentage increase of the CPI of Singapore for the 12 months comprised in the 15th year of the term.

The Master Lessee is required to pay rent on a monthly basis or quarterly basis in advance, which rent shall comprise base rent and variable rent (if any). A summary of the aggregate annual rent payable for each of the Properties is as follows:

Property(1)	Total Annual Rent (FY 2014)	Percentage of Total Annual Rental (FY 2014)
	S$m	%
Siloam Hospitals Lippo Village	14.0	15.0
Siloam Hospitals Kebon Jeruk	8.0	8.6
Siloam Hospitals Surabaya	3.1	3.3
Imperial Aryaduta Hotel & Country Club	3.9	4.2
Pacific Healthcare Nursing Home @ Bukit Merah	1.0	1.1
Pacific Healthcare Nursing Home II @ Bukit Panjang	1.0	1.1
The Lentor Residence	1.5	1.6
Mochtar Riady Comprehensive Cancer Centre	20.4	21.8
Siloam Hospitals Lippo Cikarang	4.4	4.7
Sarang Hospital	0.8	0.9
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.4	9.0
Siloam Hospitals Makassar	5.8	6.2
Siloam Hospitals Bali	9.7	10.4
Siloam Hospitals TB Simatupang	9.3	10.0
Siloam Hospitals Purwakarta	2.0	2.1

Note:

(1) Excluding Siloam Sriwijaya which was acquired by First REIT on 29 December 2014.

Rationale for Structure of Rent

Under the Master Lease Agreements of the Indonesia Properties, the Master Lessee is required to pay rent comprising base rent and variable rent for the entire lease term. The Singapore Properties and the South Korea Property do not have any variable rent component.

The base rent also includes a step-up mechanism, with a floor of 0.0% and a cap of 2.0%. The rationale for the step-up mechanism is to enable First REIT to benefit from the growth inherent in the underlying assets and at the same time protect Unitholders from any downside. The step-up is based on percentage increases in CPI which is commonly used by healthcare REITs in the United States of America. In the Master Lease Agreements, the CPI of Singapore is used instead of the CPI of Indonesia as the rent is denominated in Singapore dollars and the First REIT Manager believes that the historical performance of the CPI of Singapore for a 16-year period between 1998 to 2014 is relatively stable in comparison to Indonesia CPI. The average Singapore CPI was approximately 1.8% over the 16-year period between 1998 and 2014.

In respect of the Indonesia Properties, the variable rent mechanism is formulated to enable First REIT to benefit from the growth of the Indonesian healthcare sector. Accordingly, the Sponsor believes that the variable rent mechanism of each property allows the Unitholders to participate in the growing Indonesian healthcare sector while providing a downside protection mechanism.

Other Material Terms

The Master Lessee will provide a security deposit of between six to 15 months' rent, in the form of a bank guarantee or cash, under the Master Lease Agreements as security for the compliance of the Master Lessee of the terms of the Master Lease Agreements as well as against any loss or damage resulting from the Master Lessee's default and against any claim by the relevant landlord against the Master Lessee.

The Master Lessee shall be responsible for the land and building tax, except for The Lentor Residence, (including all increases thereof) and all outgoings and expenses to be incurred in respect of the properties. Such expenses would include expenses for property repairs, maintenance and management, all operating expenses and utilities, fire tests as required by the relevant fire safety authority, landscaping, security services, and maintenance of common areas and lifts.

For the Indonesia Properties, each relevant landlord shall, after the first two years of the lease term, be responsible for any repair and replacement works in relation to the structural parts of the properties and the mechanical and electrical equipment which are of a capital nature. Any repair and replacement works which are of an expense nature (as defined in the Singapore Financial Reporting Standards, as may be amended from time to time) shall be borne by the Master Lessee. During the first two years of the lease term, the Master Lessee shall be responsible for all repair and replacement works, whether or not of a capital nature and irrespective of the cost of such works.

For the Singapore and South Korea Properties, each relevant landlord shall be responsible for any repair and replacement works in relation to the structural parts of the properties which are capital in nature only.

The Master Lessee is not permitted to assign any of the Master Lease Agreements except where such assignment is to its wholly-owned subsidiary and the performance of the assignee's obligations under the relevant Master Lease Agreement is guaranteed by the Master Lessee.

The Master Lessee may sub-let any part of the properties to only sub-lessees of good repute and sound financial standing.

All necessary regulatory approvals required by the law for the operation of its business or the business of any permitted occupier in the properties must be obtained by the Master Lessee at its cost.

The Master Lessee must at its own cost take out and maintain, amongst other things, all risks and public liability insurance policies covering the properties and the mechanical and electrical equipment.

If any of the properties is damaged or destroyed, the relevant landlord has the option to reinstate or replace such property (or the affected part, as the case may be) using insurance proceeds received under the insurance policies. If the relevant landlord opts to reinstate or replace the property, the rent payable by the Master Lessee will be abated in respect of the period during which the property cannot be used or is inaccessible. If the relevant landlord opts not to reinstate or replace the property, the Master Lessee may either terminate the relevant Master Lease Agreement or opt to reinstate or replace the property using insurance proceeds received under the insurance policies. If the property is only partly usable as a result of the damage, the Master Lessee's liability for the rent will be reduced in proportion to the reduction in the usability caused by the damage with effect from the date of the damage or destruction.

For the Indonesia Properties, if any change in or amendment to the relevant laws or treaties increases the taxes payable by the relevant landlord, the increased tax shall be borne by the Master Lessee provided that if the taxes are increased to a material extent, the increased tax, to the extent of such increase, shall be borne equally by the relevant landlord and the Master Lessee. The taxes payable by the relevant landlord will be deemed to be increased to a material extent if the taxes payable after such increase takes effect will exceed the taxes payable before such increase by at least 50.0%. The relevant landlord and the Master Lessee shall in good faith endeavour to take or implement such steps or measures with the intention of reducing the amount of taxes payable by the relevant landlord.

SELECTED FINANCIAL INFORMATION

The following sets out selected financial information of First REIT as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 March 2015 and for the financial period/year ended 31 December 2012, 31 December 2013, 31 December 2014, 31 March 2014 and 31 March 2015.

Statements of Total Return

	1Q 2015 S$'000	1Q 2014 S$'000	FY2014 S$'000	FY2013 S$'000	FY2012 S$'000
Gross revenue	24,743	22,468	93,255	83,280	57,646
Property operating expenses	(497)	(295)	(1,382)	(3,072)	(410)
Net property income	**24,246**	**22,173**	**91,873**	**80,208**	**57,236**
Interest income	44	48	199	163	132
Finance costs	(3,974)	(3,530)	(15,217)	(12,373)	(4,291)
Manager's management fees	(2,403)	(2,204)	(9,138)	(7,977)	(5,633)
Trustee fees	(93)	(82)	(341)	(299)	(204)
Other expenses	(1,032)	(104)	(1,864)	(1,692)	(128)
Non-property expenses	(7,502)	(5,920)	(26,560)	(22,341)	(10,256)
Net income before the undernoted	**16,788**	**16,301**	**65,512**	**58,030**	**47,112**
Increase in fair value of investment properties	–	–	47,174	61,334	30,823
Net change in fair value of derivative financial instruments	562	–	–	–	–
Total return for the year before income tax	17,350	16,301	112,686	119,364	77,935
Income tax expense	(3,960)	(3,715)	(22,083)	(1,532)	(12,691)
Total return for the year after income tax	**13,390**	**12,586**	**90,603**	**117,832**	**65,244**
Exchange differences on translating foreign operations, net of tax	346	(25)	331	396	(869)
Total comprehensive income	**13,736**	**12,561**	**90,934**	**118,228**	**64,375**
Total return for the year after income tax	**13,390**	**12,586**	**90,603**	**117,832**	**65,244**
Manager's management fees settled in units	1,685	1,645	6,715	5,902	4,567
Deferred rental income of property under asset enhancement	–	–	–	–	–
Change in fair value of investment properties, net of deferred tax	–	–	(40,164)	(73,001)	(27,411)
Net change in fair value of derivative financial instruments	(562)	–			–
Realised revaluation gain on divestment of investment property, net of deferred tax	–	–	–	–	–
Foreign exchange adjustment (gain)/loss	749	(54)	792	586	(996)
Others	(10)	18	272	767	286
Amount available for distribution to the Unitholders	**15,252**	**14,195**	**58,218**	**52,086**	**41,690**
Distribution per Unit (cents)	**2.06**	**1.99**	**8.05**	**7.52**	**7.26**
Earnings per Unit (cents)					
Basic and Diluted	1.81	1.77	12.59	16.99	10.26

FY2013 vs FY2012

Gross revenue for FY2013 increased by 44.5% to S$83.3 million compared to FY2012 mainly due to the contribution from the Siloam Hospitals Bali ("**SHBL**"), Siloam Hospitals TB Simatupang ("**SHTS**"), Hotel Ayaduta Manado ("**MD property**") and Siloam Hospitals Makassar ("**SHMK**") which were acquired in May 2013 and November 2012 respectively.

Property operating expenses for FY2013 increased to S$3.1 million compared to FY2012 mainly due to impairment allowance on trade receivables made and partly offset by the refund of property taxes for The Lentor Residence in FY2012.

Interest income for FY2013 increased by 23.5% to S$163,000 compared to FY2012 mainly due to higher amount of fixed deposits and interest rates.

Management fees for FY2013 increased by 41.6% to S$8.0 million compared to FY2012 mainly due to higher net property income and total assets value as a result of the acquisition of the two new properties.

Trustee fees for FY2013 increased by 46.6% to S$299,000 compared to FY2012 mainly due to higher total assets value as a result of the acquisition of the two new properties.

Finance costs for FY2013 increased to S$12.4 million compared to FY2012 mainly due to loans taken to finance the acquisition of the MD property, SHMK, SHBL and SHTS.

Other expenses for FY2013 increased to S$1.7 million compared to FY2012 mainly due to unrealised exchange losses on a US dollar loan and Rupiah current accounts translated at the end of the year.

Income tax for FY2013 decreased by 87.9% to S$1.5 million compared to FY2012 because of write back of deferred tax arising from the fair value gain on revaluation of investment properties.

Total return for FY2013 increased by 80.6% to S$117.8 million compared to FY2012 mainly due to contributions from the new properties and higher fair value gain on revaluation of investment properties.

FY 2014 vs FY 2013

Gross revenue for FY 2014 increased by 12.0% to S$93.3 million compared to FY 2013, mainly due to higher contribution from the Indonesia and Singapore properties and contribution from the newly acquired properties.

Property operating expenses for FY 2014 decreased by 55.0% to S$1.4 million compared to FY 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for FY 2014 increased by 22.1% to S$199,000 compared to FY 2013, mainly due to higher fixed deposits amount and interest rates.

The First REIT Manager's management fees for FY 2014 increased by 14.6% to S$9.1 million compared to FY 2013, mainly due to the higher net property income and total assets as a result of the new acquisitions.

The First REIT Trustee fees for FY 2014 increased by 14.0% to S$341,000 compared to FY 2013, mainly due to the higher total assets as a result of the new acquisitions.

Finance costs for FY 2014 increased by 23.0% to S$15.2 million compared to FY 2013, mainly due to the higher loan amounts to part finance the new acquisitions.

Other expenses for FY 2014 increased by 10.2% to S$1.9 million compared to FY 2013, mainly due to expenses incurred on distribution reinvestment plan partly offset by lower unrealised exchange loss on a US dollar loan.

Income tax for FY 2014 increased to S$22.1 million compared to FY 2013, mainly due to higher rental income and the write back of deferred tax in 4Q 2013.

Total return after tax for FY 2014 decreased by 23.1% to S$90.6 million compared to FY 2013, mainly due to lower fair value gain on revaluation of investment properties and the write back of provision for deferred tax on the gain on revaluation of investment properties in 4Q 2013.

Excluding the fair value gain on revaluation of investment properties net of deferred tax, total return after tax for FY 2014 increased by 12.5% to S$50.4 million compared to FY 2013 of S$44.8 million mainly due to higher contribution from the Indonesia and Singapore properties as well as contribution from newly acquired properties.

<u>1Q 2015 vs 1Q 2014</u>

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

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

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

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

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

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

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

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

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

Statements of Financial Position

	As at 31 March 2015 S$'000	As at 31 December 2014 S$'000	As at 31 December 2013 S$'000	As at 31 December 2012 S$'000
Non-current assets				
Investment properties	1,172,402	1,172,015	1,052,266	796,702
Deferred tax assets	595	595	490	606
Derivative financial instruments	569	–	–	–
	1,173,566	**1,172,610**	**1,052,756**	**797,308**
Current assets				
Trade and other receivables, current	10,319	8,988	24,702	9,646
Other assets, current	2,420	2,557	1,744	1,376
Cash and cash equivalents	31,865	28,230	29,331	20,497
	44,604	**39,775**	**55,777**	**31,519**
Total assets	**1,218,170**	**1,212,385**	**1,108,533**	**828,827**
Current liabilities				
Income tax payable, current	1,670	445	1,532	1,182
Trade and other payables, current	13,998	20,429	30,009	14,003
Other financial liabilities, current	26,500	26,485	–	–
Other liabilities, current	20,522	20,883	18,307	16,955
	62,690	**68,242**	**49,848**	**32,140**
Non-current liabilities				
Deferred tax liabilities	29,103	29,103	21,988	33,771
Other financial liabilities, non-current	371,141	370,090	353,798	212,842
Derivative financial instruments	7	–	–	–
	400,251	**399,193**	**375,786**	**246,613**
Total liabilities	**462,941**	**467,435**	**425,634**	**278,753**
Net assets	**755,229**	**744,950**	**682,899**	**550,074**
Unitholders' funds				
Issued equity	430,377	423,792	414,109	369,159
Retained earnings	323,555	320,207	268,170	180,691
Foreign exchange reserve	1,297	951	620	224
	755,229	**744,950**	**682,899**	**550,074**
Net assets value per unit (cents)	101.94	101.81	96.64	82.72

FY2013 vs FY2012

Investment properties increased from S$796.7 million to S$1,052.3 million mainly due to the acquisition of the SHBL and SHTS on May 2013.

Trade and other receivables, current, increased from S$9.6 million to S$24.7 million mainly due to the value-added tax ("**VAT**") refundable by the Indonesia Tax Authority which is payable vendors for SHBL and SHTS.

Cash and cash equivalents increased from S$20.5 million to S$29.3 million mainly due to the advance rental received for the new acquired properties.

Issued equity increased from S$369.2 million to S$414.1 million mainly due to units issued to vendor for the purchase consideration of SHTS.

Other financial liabilities, non-current and current, increased from S$212.8 million to S$353.8 million mainly due to drawdown of S$141.6 million for the acquisition of SHBL and SHTS.

Trade and other payables, current, increased from S$14.0 million to S$30.0 million mainly due to the accrual of refund of VAT payable to vendors for SHBL and SHTS.

Other liabilities, current increased from S$17.0 million to S$18.3 million mainly due to the advance rental from the Indonesia properties.

FY 2014 vs FY2013

Investment properties increased from S$1,052.3 million to S$1,172.0 million mainly due to the acquisition of the SHPW and SS on May 2014 and Dec 2014.

Trade and other receivables, current, decreased from S$24.7 million to S$9.0 million mainly due to the receipt of VAT refund from the Indonesia Tax Authority which was paid to vendors for SHMK, SHBL and SHTS.

Cash and cash equivalents decreased from S$29.3 million to S$28.2 million mainly due to the interest and tax payments, distributions to unitholders partly offset by advance rental received from tenants.

Issued equity increased from S$414.1 million to S$423.8 million mainly due to units issued to vendor for the purchase consideration of SHPW and unitholders who had opted for distributions in lieu of units.

Other financial liabilities, non-current and current, increased from S$353.8 million to S$396.6 million mainly due to drawdown of S$26.5 million and S$33.2 million for the acquisition of SHPW and SS.

Trade and other payables, current, decreased from S$30.0 million to S$20.4 million mainly due to the payment of VAT refund to vendors for SHMK, SHBL and SHTS.

Other liabilities, current increased from S$18.3 million to S$20.9 million mainly due to the advance rental from Indonesia properties.

1Q 2015 vs FY 2014

Investment properties increased from S$1,172.0 million to S$1,172.4 million mainly due to the revaluation of Sarang Hospital denominated in US dollars.

Trade and other receivables, current, increased from S$9.0 million to S$10.3 million mainly due to the rental receivable from tenant.

Cash and cash equivalents increased from S$28.2 million to S$31.9 million mainly due to the interest and tax payments, distributions to unitholders partly offset by advance rental received from tenants.

Issued equity increased from S$423.8 million to S$430.4 million mainly due to units issued to vendor for the purchase consideration of SS and unitholders who had opted for distributions in lieu of units.

Other financial liabilities, non-current and current, increased from S$396.6 million to S$397.6 million mainly due to revaluation of loan denominated in US dollars.

Trade and other payables, current, decreased from S$20.4 million to S$14.0 million mainly due to the payment of expenses related to acquisitions and VAT on rental income.

Other liabilities, current decreased from S$20.9 million to S$20.5 million mainly due to the reversal of advance rental to income statement.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Securities under the Programme (after deducting issue expenses) will be used for (a) the purpose of (1) refinancing the existing borrowings of the Group, (2) financing or refinancing the acquisitions and/or investments of First REIT and any development and asset enhancement works initiated by First REIT, (3) financing general working capital purposes and capital expenditure requirements of the Group or (b) such other purpose as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or Global Certificate for persons holding the Securities in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through, or maintain a custodial relationship with, a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the relevant authorities in force as at the date of this Information Memorandum and budget measures announced in the Singapore Budget 2015 on 23 February 2015 (which have yet to be legislated) and are subject to any changes in such laws, administrative guidelines or measures, or in the interpretation of those laws, guidelines or measures, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Holders and prospective holders of the Securities are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the subscription for, purchase, holding or disposal of the Securities, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the First REIT Manager, the Arrangers, the Dealers, the Trustee and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

1. Taxation relating to payments on the Notes

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 20.0%, and is to be increased to 22.0% with effect from the year of assessment 2017. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch and Oversea-Chinese Banking Corporation Limited, and each of which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the "**Relevant Notes**") issued under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013 (the "**MAS Circular**"), qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes, paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA), other than any non-resident who qualifies for the tax exemption as described in paragraph (i) above, is subject to income tax at a concessionary rate of 10.0%; and

(iii) subject to:

   (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and (bb) the furnishing to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Notes as the relevant authorities may require to the MAS,

payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the First REIT Manager, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the First REIT Manager, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the Issuer or the First REIT Manager; or

(II) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer or the First REIT Manager,

shall not be eligible for the tax exemption or concessionary rate of tax of 10.0% as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

- "prepayment fee", in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

- "redemption premium", in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

- "break cost", in relation to debt securities, qualifying debt securities and qualifying project debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Relevant Notes without deduction or withholding of tax under Section 45 and Section 45A of the ITA, where Qualifying Income is derived from the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose Qualifying Income derived from the Relevant Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

The 10.0% concessionary tax rate for QDS does not apply to persons who have been granted the financial sector incentive (standard-tier) status (within the meaning of Section 43N of the ITA).

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by related parties of the Issuer or the First REIT Manager, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer or the First REIT Manager; or

(ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer or the First REIT Manager,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS Scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within 10 years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Taxation relating to payments on the Perpetual Securities

Singapore tax classification of hybrid instruments

The ITA currently does not contain specific provisions on how financial instruments that exhibit both debt-like and equity-like features, i.e. hybrid instruments, should be treated for income tax purposes. However, the IRAS has published the Hybrid Instruments e-Tax Guide which sets out the income tax treatment of hybrid instruments, including the factors that the IRAS will generally use to determine whether such instruments are debt or equity instruments for income tax purposes. Among others, the IRAS has stated in the Hybrid Instruments e-Tax Guide that:

(a) whether or not a hybrid instrument will be treated as debt or equity security for income tax purposes will firstly depend on its legal form, to be determined based on an examination of the legal rights and obligations attached to the instrument;

(b) a hybrid instrument is generally characterised as equity if the legal terms of the instrument indicate ownership interests in the issuer. If the legal form of a hybrid instrument is not indicative of or does not reflect the legal rights and obligations, the facts and circumstances surrounding the instrument and a combination of factors, not limited to the following, would have to be examined to ascertain the nature of the instrument for income tax purposes. These factors include (but are not limited to):

   (i) nature of interest acquired;

   (ii) investor's right to participate in issuer's business;

   (iii) voting rights conferred by the instrument;

   (iv) obligation to repay the principal amount;

   (v) payout;

   (vi) investor's right to enforce payment;

   (vii) classification by other regulatory authority; and

   (viii) ranking for repayment in the event of liquidation or dissolution;

(c) if a hybrid instrument is characterised as a debt instrument for income tax purposes, distributions from the issuer to the investors are regarded as interest;

(d) if a hybrid instrument issued by a company or a REIT (as defined in the ITA) is characterised as an equity instrument for income tax purposes, distributions from the issuer to the investors are regarded as either dividends or REIT distributions; and

(e) in respect of REIT distributions, the tax treatment depends on the underlying receipts from which such distributions are made and the profile of the investors.

Perpetual Securities characterised as equity instruments

In the event that any tranche of the Perpetual Securities (the "**Relevant Tranche of Pertual Securities**") is characterised as equity instruments for income tax purposes and the payment of distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities is regarded as REIT distributions, i.e. in the same manner as distributions on Units, Perpetual Securityholders may be subject to income tax on such distributions, in whole or in part, currently at the rate of 17.0% or 10.0%. The First REIT Manager and the First REIT Trustee may also be obliged to withhold or deduct tax from the payment of such distributions, in whole or part, at the rate of 17.0% or 10.0% to certain Perpetual Securityholders and for this purpose, Perpetual Securityholders may, as in the case of Unitholders, be required to declare certain information relating to their status to the First REIT Manager and the First REIT Trustee prior to the making of each distribution (including any Optional Distribution). The disclosure below under "Taxation of distributions on Units" summarises the income tax treatment currently applicable to distributions made on Units of First REIT, which will be applicable to the distributions (including Optional Distributions) on the Relevant Tranche of Perpetual Securities if they are treated in the same manner as distributions on Units.

Taxation of distributions on Units

Distributions on Units may comprise all, or a combination, of the following types of distributions:

(a) taxable income distribution;

(b) tax-exempt income distribution;

(c) capital distribution; and

(d) other gains distribution.

The tax treatment of each type of distribution differs and may depend on the profile of the beneficial owner of the distributions. The statements below provide a summary of the tax treatment. Prospective holders of the Relevant Tranche of Perpetual Securities are advised to consult their own professional tax advisers as to the tax consequences that they may be subject to, in particular on the distributions (including Optional Distributions) on the Relevant Tranche of Perpetual Securities, including where such distributions (including Optional Distributions) are treated in the same manner as distributions on Units.

Taxable income distribution

Withholding tax

The First REIT Trustee and the First REIT Manager are required to withhold or deduct tax from taxable income distributions unless such distributions are made to an individual or a "Qualifying Unitholder" who submits a declaration in a prescribed form within a stipulated time limit.

A "Qualifying Unitholder" is a Unitholder who is:

- a company incorporated and resident in Singapore;
- a Singapore branch of a company incorporated outside Singapore; or
- a body of persons incorporated or registered in Singapore, including a charity registered under the Charities Act (Chapter 37 of Singapore) or established by any written law, a town council, a statutory board, a co-operative society registered under the Co-operative Societies Act (Chapter 62 of Singapore) or a trade union registered under the Trade Unions Act (Chapter 333 of Singapore).

In all other cases, the First REIT Trustee and the First REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, from taxable income distributions. This rate is reduced to 10.0% for distributions made on or before 31 March 2020 to a foreign non-individual. A foreign non-individual is a person (other than an individual) who is not a resident of Singapore for income tax purposes and:

(a) who does not have any permanent establishment in Singapore; or

(b) who carries on any operation in Singapore through a permanent establishment in Singapore, where the funds used by that person to acquire the Units are not obtained from that operation.

Where the Units are held in the name of a nominee, the First REIT Trustee and the First REIT Manager will withhold or deduct tax, currently at the rate of 17.0%, unless the beneficial owner of the Units is an individual or a Qualifying Unitholder and provided that the nominee submits a declaration (containing certain particulars of the beneficial owner) in a prescribed form within a stipulated time limit to the First REIT Trustee and the First REIT Manager. Where the beneficial owner is a foreign non-individual as described above and provided the aforesaid declaration is submitted by the nominee, tax will be withheld or deducted at the rate of 10.0% for distributions made on or before 31 March 2020.

Tax deducted at source on taxable income distributions

The tax deducted at the prevailing tax rate, currently at the rate of 17.0%, by the First REIT Trustee and the First REIT Manager is not a final tax. A Unitholder can use this tax deducted as a set-off against its Singapore income tax liability, including the tax liability on the gross amount of taxable income distributions.

The tax deducted at the reduced rate of 10.0% on taxable income distributions made on or before 31 March 2020 to foreign non-individuals is a final tax imposed on the gross amount of distributions.

Taxation in the hands of Unitholders

Unless otherwise exempt, Unitholders are liable to Singapore income tax on the gross amount of taxable income distributions (i.e. the amount of distribution before tax deduction at source, if any).

Taxable income distributions received by individuals, irrespective of their nationality or tax residence status, are exempt from tax unless such distributions are derived by the individual through a partnership in Singapore or from the carrying on of a trade, business or profession. Individuals who do not qualify for this tax exemption are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates, i.e. even if they have received the distributions without tax deduction at source.

Unless exempt from income tax because of their own specific circumstances, Qualifying Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions, i.e. even if they have received the distributions without tax deduction at source.

Other non-individual Unitholders are subject to Singapore income tax on the gross amount of taxable income distributions at their own applicable tax rates. Where the Unitholder is a foreign non-individual, tax at a reduced rate of 10.0% will be imposed on taxable income distributions made on or before 31 March 2020.

Tax-exempt income distribution

Tax-exempt income distributions are exempt from tax in the hands of all Unitholders. Tax is not withheld or deducted from such distributions.

Capital distribution

Capital distributions are returns of capital to Unitholders and are therefore not income subject to tax or withholding of tax. The amount received as capital distributions will be applied to reduce the cost of Unitholder's investment in Units for income tax purposes. Where Unitholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of Units, the reduced cost of their investments will be used for the purposes of computing such gains.

Other gains distribution

Other gains distributions are not taxable in the hands of Unitholders and are not subject to withholding of tax.

Application for tax ruling

Based on the guidance set out in the Hybrid Instruments e-Tax Guide, the First REIT Manager may apply to the IRAS for an advance tax ruling to confirm that the Relevant Tranche of Perpetual Securities will be treated as equity instruments for income tax purposes and distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities will be treated as capital distributions in the hands of the Perpetual Securityholders.

If the IRAS issues the advance tax ruling as requested, distributions (including Optional Distributions) will not be subject to withholding of tax, irrespective of the profile of Perpetual Securityholders, and the amount of such distributions (including Optional Distributions) will be treated as a return of capital in the hands of Perpetual Securityholders and will be applied to reduce the cost of their investment in the Perpetual Securities for Singapore income tax purposes. Where the Perpetual Securityholders, based on their own circumstances, are subject to Singapore income tax on gains from the disposal of the Perpetual Securities, the reduced cost of their investments will be used for the purposes of computing such gains.

There is no guarantee that the IRAS will issue the advance tax ruling as requested and no assurance, warranty or guarantee is given on the tax treatment to Perpetual Securityholders in respect of the distributions payable to them. Potential Perpetual Securityholders should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequence of their acquisition, holding and disposal of the Relevant Tranche of Perpetual Securities.

In the event that IRAS rules that the Relevant Tranche of Perpetual Securities are equity instruments for income tax purposes but that distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities are not capital distributions but are taxable income distributions, tax-exempt distributions or distributions out of other gains, the tax treatment as set out above on these forms of distributions would then apply to distributions on the Relevant Tranche of Perpetual Securities.

Perpetual Securities characterised as debt instruments

In the event that the Relevant Tranche of Perpetual Securities are characterised as debt instruments for income tax purposes, payment of distributions (including Optional Distributions) in respect of the Relevant Tranche of Perpetual Securities should be regarded as interest payments and the disclosure above under "Interest and other payments" summarises the income tax treatment that may be applicable on the distributions (including Optional Distributions).

In such case, notwithstanding that the Issuer may be permitted to make payments of interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (i.e. the Qualifying Income) in respect of the Relevant Tranche of Perpetual Securities without deduction or withholding of tax under Section 45 and Section 45A of the ITA, where Qualifying Income is derived from the Relevant Tranche of Perpetual Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Relevant Tranche of Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose Qualifying Income derived from the Relevant Tranche of Perpetual Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

3. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who have adopted or are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative effect to the tax treatment set out in the FRS 39 Circular is provided for in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished for deaths occurring on or after 15 February 2008.

5. FATCA Withholding

FATCA may impose a withholding tax of 30% on payments made to certain holders of Securities that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the IRS ("**IRS Agreements**") (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("**IGA legislation**") intended to implement an intergovernmental agreement entered into pursuant to FATCA ("**IGAs**"), may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA legislation, a financial institution that enters into an IRS Agreement or is subject to IGA legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30% from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal, distribution or other amounts paid with respect to the Securities and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions have entered into, or have announced their intention to enter into, IGAs (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear.

FATCA withholding may be applied on or after 1 January 2017 (at the earliest) in respect of obligations that pay only "foreign passthru payments", and then, for "obligations" that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the date that is six months after the date on which the final regulations applicable to "foreign passthru payments" are filed in the Federal Register. It is not yet certain how the United States and the jurisdictions which enter into IGAs will address withholding on "foreign passthru payments" or if such withholding will be required at all. While the Securities are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Securities by the Issuer, any paying agent and the clearing systems, given that each of the entities in the payment chain is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Securities. The documentation expressly contemplates the possibility that the Securities may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Securities will only be printed in remote circumstances.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal, distribution or other payments on the Securities as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Conditions be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest, distribution or principal than expected.

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third party commissions (including without limitation, rebates to private bank investors in the Securities). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

The Securities have not been and will not be registered under the Securities Act, and the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Bearer Securities are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer that is not participating in the offering of such Securities may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer acknowledges that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional adviser(s) and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

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

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

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

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

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

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

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

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

ISSUED UNITS

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

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

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

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

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

BORROWINGS

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

WORKING CAPITAL

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

CHANGES IN ACCOUNTING POLICIES

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

LITIGATION

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

MATERIAL ADVERSE CHANGE

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

CONSENTS

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

DOCUMENTS AVAILABLE FOR INSPECTION

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

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

    (b) the Trust Deed;

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

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

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

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

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

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

Report of the Trustee and Financial Statements

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Report of the Trustee

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

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out in pages 5 to 57, comprising the statements of total return, statements of distribution, statements of financial position, statement of changes in unitholders' funds, statements of portfolio, statements of cash flows and summary of significant accounting policies and other explanatory notes of the Group and the Trust, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

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

....
Antony Wade Lewis
Director

Singapore
29 January 2014

Statement by the Manager

In the opinion of the directors of Bowsprit Capital Corporation Limited, the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 5 to 57 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders' funds, statements of portfolio, statements of cash flows and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2013, the total returns, distributions, changes in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

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

Dr Ronnie Tan Keh Poo
Director

Singapore
29 January 2014

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8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
T +65 6533 7600
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Independent Auditors' Report to the Unitholders of
FIRST REAL ESTATE INVESTMENT TRUST

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

Manager's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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Opinion

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

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

29 January 2014

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

Statements of Total Return
Year Ended 31 December 2013

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

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

Statements of Distribution
Year Ended 31 December 2013

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

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

Statements of Financial Position
As at 31 December 2013

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

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

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

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

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

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

Statements of Cash Flows
Year Ended 31 December 2013

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

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

Statements of Portfolio
As at 31 December 2013

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

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

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

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

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

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

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Group

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

Statements of Portfolio
As at 31 December 2013

By Geographical Area
Trust

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

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

Notes to the Financial Statements
31 December 2013

1. General

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

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

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

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

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

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

Accounting Convention

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

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

2. Summary of Significant Accounting Policies

Basis of Presentation

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

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

Basis of Preparation of the Financial Statements

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

Revenue Recognition

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

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.

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

Dividend income

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

Income Tax

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

Foreign Currency Transactions

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

2. Summary of Significant Accounting Policies (continued)

Translation of Financial Statements of Foreign Entities

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

Operating Segment Reporting

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

Subsidiaries

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

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

Business Combinations

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

2. Summary of Significant Accounting Policies (continued)

Borrowing Costs

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

Investment Properties

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

Unit-Based Payments

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

Leases

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

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

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

Impairment of Non-Financial Assets

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

Financial Assets

Initial recognition, measurement and derecognition:

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

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

2. Summary of Significant Accounting Policies (continued)

Financial Assets

Subsequent measurement:

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

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

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

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

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

Cash and Cash Equivalents

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

2. Summary of Significant Accounting Policies (continued)

Financial Liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

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

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

Liabilities and equity financial instruments:

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

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurement

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

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

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

Net Assets Attributable to Unitholders

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

2. Summary of Significant Accounting Policies (continued)

Provisions

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

Critical Judgements, Assumptions and Estimation Uncertainties

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

Fair Values of Investment Properties:

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

Income Tax Amounts:

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

2. Summary of Significant Accounting Policies (continued)

Critical Judgements, Assumptions and Estimation Uncertainties (continued)

Deferred Tax: Recovery of Underlying Assets:

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

Estimated Impairment of Subsidiary:

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

3. Related Party Relationships and Transactions

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

<u>3.1 Related parties:</u>

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

3. Related Party Relationships and Transactions (continued)

3.1 Related parties: (continued)

Significant related party transactions:

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

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

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

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

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

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

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

(A) Trustee Fees

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

(B) Manager's Fees

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

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

3. Related Party Relationships and Transactions (continued)

3.1 Related parties: (continued)

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

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

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

4. Gross Revenue

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

5. Property Operating Expenses/(Income)

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

6. Manager's Management Fees

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

7. Finance Costs

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

8. Other Expenses/(Income)

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

Total fees to auditors:

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

9. Income Tax

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

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

9. Income Tax (continued)

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

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

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

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

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

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

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

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

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

9. Income Tax (continued)

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

Presented in the statements of financial position as follows:

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

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

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

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

10. Earnings per Unit

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

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

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

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

11. Distribution per Unit

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

Distribution Type

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

Distribution Type: Income/Capital

Distribution Rate

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

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

Distribution Type: Income/Capital

Distribution Rate

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

11. Distribution per Unit (continued)

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

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

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

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

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

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

Current Distribution Policy:

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

12. Investment Properties

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

12. Investment Properties (continued)

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

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

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

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

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

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

12. Investment Properties (continued)

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

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

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

Note 1: The valuation of the South Korean property for 2013 and 2012 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the current rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 9% (2012: 13%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

12. Investment Properties (continued)

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

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

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

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

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

Sensitivity analysis:

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

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

12. Investment Properties (continued)

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

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

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

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

12. Investment Properties (continued)

Valuation processes of the Group

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

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

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

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

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

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

13. Investments in Subsidiaries

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

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

14. Trade and Other Receivables, Current

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

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

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

15. Loan Receivable

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

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

16. Other Assets, Current

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

17. Cash and Cash Equivalents

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

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

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

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

17B. Non-Cash Transactions:

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

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

18. Units in Issue and Net Assets Attributable to Unitholders

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

Movements in the units in issue are as follows:

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

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

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

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

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

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

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

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

__Issues of Units in 2013__

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

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

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

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

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

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

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

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

Capital Management:

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

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

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

Capital Management: (continued)

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

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

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

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

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

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

19. Financial Ratios

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

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

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

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

N/M – Not meaningful

20. Other Financial Liabilities

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

20A. Bank loans (secured)

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

20. Other Financial Liabilities (continued)

20A. Bank loans (secured) (continued)

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

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

The bank loan agreements provide among other matters for the following:

1) First and second legal mortgage over all the properties of the Group except for the property in South Korea, Siloam Hospitals Bali and Siloam Hospitals Simatupang.

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

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

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

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

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

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

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

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

10) Compliance with certain financial covenants.

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

20B. Fixed rate notes (unsecured)

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

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

20. Other Financial Liabilities (continued)

20B. Fixed rate notes (unsecured)

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

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

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

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

21. Trade and Other Payables, Current

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

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

22. Other Liabilities, Current

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

23. Financial Information by Operating Segments

Information about Reportable Segment Profit or Loss and Assets

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

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

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

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

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

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

23. Financial Information by Operating Segments (continued)

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

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

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

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

24. Financial Information on Financial Instruments

24A. Classification of Financial Assets and Liabilities

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

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

24. Financial Information on Financial Instruments

24A. Classification of Financial Assets and Liabilities

Further quantitative disclosures are included throughout these financial statements.

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

24B. Financial Risk Management

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

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

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

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

24C. Credit Risk on Financial Assets

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

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

24C. Credit Risk on Financial Assets (continued)

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

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

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

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

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

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

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

24D. Liquidity Risk

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

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

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

24D. Liquidity Risk (continued)

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

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

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

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

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

24E. Interest Rate Risk

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

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

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

24E. Interest Rate Risk (continued)

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

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

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

24F. Foreign Currency Risk

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

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

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

25. Operating Lease Income Commitments

At the end of the reporting year, the total of future minimum lease receivables under non-cancellable operating leases is as follows:

	Group		Trust	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Not later than one year	91,194	71,046	3,628	3,150
Later than one year and not later than five years	364,551	282,932	12,443	10,946
More than five years	554,983	437,736	9,449	–

The rental income for the year is disclosed in Note 4.

25. Operating Lease Income Commitments (continued)

The Group has entered into commercial property leases for healthcare and/or healthcare related buildings. The non-cancellable leases have remaining non-cancellable lease terms and the tenants' options for renewals as disclosed in the statements of portfolio.

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, which rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter subject to a floor of zero percentage and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee's gross revenue in the preceding calendar year. No contingent rent is included in the above amounts.

One of the tenants in Singapore also provided a bank guarantee in lieu of the security deposits of $1,248,000 (2012: $1,248,000) for rental income from one of the Singapore properties. Also see Note 3.

26. Events After the End of the Reporting Year

On 17 January 2014, a final distribution of 1.97 cents per unit was declared totalling $13,955,000 in respect of the period from 1 October 2013 to 31 December 2013.

On 17 January 2014, a total of 1,612,847 new units were issued at the issue price of 1.0431 cents per unit as payment to the Manager for management fees for the quarter ended 31 December 2013. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

27. Changes and Adoption of Financial Reporting Standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements) (*)
FRS 19	Employee Benefits (Revised) (*)
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (early adoption) (*)
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)

(*) Not relevant to the entity.

28. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2013
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)	1 Jan 2014
FRS 32	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
INT FRS 121	Levies (*)	1 Jan 2014

(*) Not relevant to the entity.

29. Listing of Investments in Subsidiaries

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments	
	2013	2012
	$'000	$'000
Gold Capital Pte. Ltd. [(b)] Singapore Investment holding	100,556	100,556
Higrade Capital Pte. Ltd. [(b)] Singapore Investment holding	853	853
GOT Pte. Ltd. [(b)] Singapore Investment holding	88,818	89,593
Henley Investments Pte. Ltd. [(b)] Singapore Investment holding	46,209	46,837
Kalmore Investments Pte. Ltd. [(b)] Singapore Investment holding	7,966	16,430
Lovage International Pte. Ltd. [(b)] Singapore Investment holding	17,930	18,391
Platinum Strategic Investments Pte. Ltd. [(b)] Singapore Investment holding	31,857	33,169
Ultra Investments Pte. Ltd. [(b)] Singapore Investment holding	321	321
Primerich Investments Pte. Ltd. [(b)] Singapore Investment holding	15,307	15,513
Raglan Investments Pte. Ltd. [(b)] Singapore Investment holding	58,039	60,266
Carmathen Investments Pte. Ltd. [(b)] Singapore Investment holding	1,033	1,033

29. Listing of Investments in Subsidiaries (continued)

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2013 $'000	2012 $'000
Rhuddlan Investments Pte. Ltd. [b] Singapore Investment holding	83,714	85,168
Caernarfon Investments Pte. Ltd. [b] Singapore Investment holding	1,324	1,324
Globalink Investments Pte. Ltd. [b] Singapore Investment holding (Acquired on 26 March 2013)	96,654	–
Fortuna Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 26 March 2013)	22	–
Great Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 22 May 2013)	92,671	–
Key Capital Pte. Ltd. [b] Singapore Investment holding (Acquired on 22 May 2013)	3,826	–
Kalmore (Korea) Limited [a] South Korea Owners of Sarang Hospital	4,110	3,887
PT Bayutama Sukses [a] Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356
PT Graha Indah Pratama [a] Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333
PT Graha Pilar Sejahtera [a] Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306

29. Listing of Investments in Subsidiaries (continued)

All the subsidiaries are wholly-owned and they are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments 2013 $'000	Carrying Value of Investments 2012 $'000
PT Karya Sentra Sejahtera [a] Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019
PT Menara Abadi Megah [a] Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500
PT Primatama Cemerlang [a] Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065
PT Sentra Dinamika Perkasa [a] Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779
PT Tata Prima Indah [a] Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013
PT Dasa Graha Jaya [a] Indonesia Owners of Siloam Hospitals Bali (Acquired on 26 March 2013)	16,553	–
PT Perisai Dunia Sejahtera [a] Indonesia Owners of Siloam Hospitals TB Simatupang (Acquired on 22 May 2013)	15,305	–

(a) Audited by RSM AAJ Associates in Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

AUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix III has been extracted and reproduced from the audited financial statements of the Group for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

RSM Chio Lim
Audit • Tax • Advisory

FIRST REAL ESTATE INVESTMENT TRUST

Report of the Trustee and Financial Statements

Year Ended 31 December 2014

RSM Chio Lim LLP
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FIRST REAL ESTATE INVESTMENT TRUST

Report of the Trustee and Financial Statements

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Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011 and Fourth Supplemental Deed dated 1 April 2013) (the "Trust Deed") between the Manager and the Trustee in each annual financial reporting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the financial reporting year covered by these financial statements, set out on pages 5 to 60, comprising the statements of total return, statements of distribution, statements of financial position, statement of changes in unitholders' funds, statements of cash flows, statements of portfolio, and summary of significant accounting policies and other explanatory notes of the Group and the Trust, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

....
Antony Wade Lewis
Director

Singapore
18 March 2015

Statement by the Manager

In the opinion of the directors of Bowsprit Capital Corporation Limited (the "Manager"), the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 5 to 60 comprising the statements of total return, statements of distribution, statements of financial position, statements of changes in unitholders' funds, statements of cash flows, statements of portfolio and summary of significant accounting policies and other explanatory notes of the Group and the Trust, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2014, the total return, distributions, changes in unitholders' funds and cash flows of the Group and of the Trust for the reporting year ended on that date in accordance with the provisions of the Trust Deed and the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Bowsprit Capital Corporation Limited

....

Dr Ronnie Tan Keh Poo
Director

Singapore
18 March 2015

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Independent Auditor's Report to the Unitholders of
FIRST REAL ESTATE INVESTMENT TRUST

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), set out on pages 5 to 60, which comprise the consolidated statement of financial position and statement of portfolio of the Group and statement of financial position and statement of portfolio of the Trust as at 31 December 2014, the statements of total return, statements of distribution, statements of changes in unitholders' funds and statements of cash flows of the Group and of the Trust for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's responsibility for the financial statements

Bowsprit Capital Corporation Limited (the "Manager" of the Trust) is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Unitholders of
FIRST REAL ESTATE INVESTMENT TRUST

– 2 –

Opinion

In our opinion, the financial statements of the Group and of the Trust, present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2014, and the total return, changes in unitholders' funds and cash flows of the Group and the Trust for the reporting year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2015

Partner in charge of audit: Lock Chee Wee
Effective from reporting year ended 31 December 2014

Statements of Total Return
Year Ended 31 December 2014

	Notes	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Gross revenue	4	93,255	83,280	56,386	49,859
Property operating expenses	5	(1,382)	(3,072)	(97)	(120)
Net property and dividend income		91,873	80,208	56,289	49,739
Interest income		199	163	1,852	1,859
Manager's management fees	6	(9,138)	(7,977)	(9,138)	(7,977)
Trustee fees	3	(341)	(299)	(341)	(299)
Finance costs	7	(15,217)	(12,373)	(15,217)	(12,373)
Impairment allowance on investments in subsidiaries	13	–	–	–	(8,136)
Other expenses	8	(1,864)	(1,692)	(1,948)	(1,902)
Net income before the undernoted		65,512	58,030	31,497	20,911
Net fair value gains/(losses) on investment properties	12	47,174	61,334	(619)	678
Total return for the year before income tax		112,686	119,364	30,878	21,589
Income tax (expense)/benefit	9	(22,083)	(1,532)	105	(115)
Total return for the year after income tax		90,603	117,832	30,983	21,474
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		331	396	–	–
Total comprehensive return for the year		90,934	118,228	30,983	21,474
Earnings per unit in cents					
Basic and diluted	10	12.59	16.99	N/A	N/A

The accompanying notes form an integral part of these financial statements.

Statements of Distribution
Year Ended 31 December 2014

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Amount available for distribution to unitholders at beginning of the year	13,955	4,607	13,955	4,607
Total return for the year after income tax	90,603	117,832	30,983	21,474
Adjustments for tax purposes (Note A)	(32,385)	(65,690)	27,235	30,668
	58,218	52,142	58,218	52,142
Amount available for distribution to unitholders	72,173	56,749	72,173	56,749
Total distribution paid to unitholders (Note 11)	(57,210)	(42,794)	(57,210)	(42,794)
Amount available for distribution to unitholders at end of the year (Note 11A and Note 26)	14,963	13,955	14,963	13,955

Note A - Adjustments for tax purposes:				
Manager's management fees settled in units	6,715	5,902	6,715	5,902
Change in fair values of investment properties, net of deferred tax	(40,164)	(73,001)	514	(563)
Impairment allowance on investments in subsidiaries	–	–	–	8,136
Capital repayment	–	–	18,919	15,948
Foreign exchange adjustment loss	792	586	792	586
Other non-tax deductible items and other adjustments	272	823	295	659
	(32,385)	(65,690)	27,235	30,668

The accompanying notes form an integral part of these financial statements.

Statements of Financial Position
As at 31 December 2014

	Notes	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Assets					
Non-current assets					
Investment properties	12	1,172,015	1,052,266	38,700	39,100
Investments in subsidiaries	13	–	–	690,989	639,721
Loan receivable, non-current	15	–	–	58,785	62,976
Deferred tax assets	9	595	490	595	490
Total non-current assets		1,172,610	1,052,756	789,069	742,287
Current assets					
Trade and other receivables, current	14	8,988	24,702	2,444	2,174
Loan receivable, current	15	–	–	4,191	4,191
Other assets, current	16	2,557	1,744	178	116
Cash and cash equivalents	17	28,230	29,331	26,708	25,091
Total current assets		39,775	55,777	33,521	31,572
Total assets		1,212,385	1,108,533	822,590	773,859
Unitholders' funds and liabilities					
Unitholders' funds					
Issued equity	18A	423,792	414,109	423,792	414,109
Retained earnings/(accumulated losses)	18A	320,207	268,170	(29,519)	(21,936)
Foreign exchange reserve	18A	951	620	–	–
Total unitholders' funds	18A	744,950	682,899	394,273	392,173
Non-current liabilities					
Deferred tax liabilities	9	29,103	21,988	–	–
Other financial liabilities, non-current	20	370,090	353,798	370,090	353,798
Total non-current liabilities		399,193	375,786	370,090	353,798
Current liabilities					
Income tax payable		445	1,532	–	–
Trade and other payables, current	21	20,429	30,009	28,987	25,852
Other financial liabilities, current	20	26,485	–	26,485	–
Other liabilities, current	22	20,883	18,307	2,755	2,036
Total current liabilities		68,242	49,848	58,227	27,888
Total liabilities		467,435	425,634	428,317	381,686
Total unitholders' funds and liabilities		1,212,385	1,108,533	822,590	773,859
Units in issue ('000)	18	731,702	706,629	731,702	706,629
Net asset value per unit in cents	18	101.81	96.64	53.88	55.50

The accompanying notes form an integral part of these financial statements.

Statements of Changes in Unitholders' Funds
Year Ended 31 December 2014

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Total unitholders' funds at beginning of the year	682,899	550,074	392,173	356,102
Operations				
Total return for the year	90,603	117,832	30,983	21,474
Unitholders' contributions				
Purchase of investment property paid in units (Note 18)	4,500	50,000	4,500	50,000
Manager's management fees settled in units	6,459	5,487	6,459	5,487
Creation of new units arising from Distribution Reinvestment Plan	17,368	–	17,368	–
Manager's acquisition fees settled in units	–	1,904	–	1,904
Change in net assets resulting from creation of units	28,327	57,391	28,327	57,391
Distributions (Note 11)	(57,210)	(42,794)	(57,210)	(42,794)
Total increase in net assets before movements in foreign exchange reserve	61,720	132,429	2,100	36,071
Foreign exchange reserve				
Net movement in other comprehensive income	331	396	–	–
Total unitholders' funds at end of the year	744,950	682,899	394,273	392,173

The accompanying notes form an integral part of these financial statements.

Statements of Cash Flows
Year Ended 31 December 2014

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash flows from operating activities:				
Total return before income tax	112,686	119,364	30,878	21,589
Interest income	(199)	(163)	(1,852)	(1,859)
Interest expense	13,376	11,132	13,376	11,132
Amortisation of borrowing costs	1,841	1,241	1,841	1,241
Foreign exchange adjustment loss	792	586	792	586
Dividend income	–	–	(52,771)	(46,401)
(Increase)/decrease in fair values of investment properties	(47,174)	(61,334)	619	(678)
Impairment allowance on investments in subsidiaries	–	–	–	8,136
Manager's management fees settled in units	6,715	5,902	6,715	5,902
Operating cash flows before changes in working capital	88,037	76,728	(402)	(352)
Trade and other receivables, current	15,679	(15,036)	(277)	324
Other assets, current	(813)	(91)	(63)	(104)
Trade and other payables, current	(8,553)	13,461	4,163	(316)
Other liabilities	2,577	1,352	719	168
Net cash flows from/(used in) operating activities before income tax	96,927	76,414	4,140	(280)
Income taxes paid	(16,160)	(13,127)	–	–
Net cash flows from/(used in) operating activities	80,767	63,287	4,140	(280)
Cash flows from investing activities:				
Increase in investment properties	(67,717)	(141,955)	(219)	(122)
Decrease in investments in subsidiaries	–	–	14,728	11,757
Loan repayment from subsidiary	–	–	4,191	4,191
Acquisition of subsidiaries	–	–	(61,496)	(141,787)
Interest received	207	168	1,860	1,864
Dividend received	–	–	52,771	46,401
Net cash flows (used in)/from investing activities	(67,510)	(141,787)	11,835	(77,696)
Cash flows from financing activities:				
Distribution to unitholders	(39,842)	(42,794)	(39,842)	(42,794)
Increase in borrowings	206,843	190,649	206,843	190,649
Repayment of borrowings	(167,537)	(50,000)	(167,537)	(50,000)
Interest paid	(13,822)	(10,521)	(13,822)	(10,521)
Net cash flows (used in)/from financing activities	(14,358)	87,334	(14,358)	87,334
Net (decrease)/increase in cash and cash equivalents	(1,101)	8,834	1,617	9,358
Cash and cash equivalents, statement of cash flows, beginning balance	29,331	20,497	25,091	15,733
Cash and cash equivalents, statement of cash flows, ending balance (Note 17A)	28,230	29,331	26,708	25,091

The accompanying notes form an integral part of these financial statements.

Statements of Portfolio
As at 31 December 2014

	Carrying Value as at 31.12.2014 $'000	Percentage of Total Net Assets as at 31.12.2014 %	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %
Group:				
Investment Properties in Indonesia	1,124,990	151.02	1,005,200	147.19
Investment Properties in Singapore	38,700	5.19	39,100	5.73
Investment Property in South Korea	8,325	1.12	7,966	1.16
Portfolio of Investment Properties at Valuation – Total	1,172,015	157.33	1,052,266	154.08
Other Net Liabilities	(427,065)	(57.33)	(369,367)	(54.08)
Net Assets Attributable to Unitholders	744,950	100.00	682,899	100.00

	Carrying Value as at 31.12.2014 $'000	Percentage of Total Net Assets as at 31.12.2014 %	Carrying Value as at 31.12.2013 $'000	Percentage of Total Net Assets as at 31.12.2013 %
Trust:				
Investment Properties in Singapore	38,700	9.81	39,100	9.97
Portfolio of Investment Properties at Valuation – Total	38,700	9.81	39,100	9.97
Investments in Subsidiaries	690,989	175.26	639,721	163.12
Other Net Liabilities	(335,416)	(85.07)	(286,648)	(73.09)
Net Assets Attributable to Unitholders	394,273	100.00	392,173	100.00

The accompanying notes form an integral part of these financial statements.

Statements of Portfolio
As at 31 December 2014

By Geographical Area

Description of Property/ Location/ Acquisition Date/Type of Property/ Land Title Type/ Term of Lease[a]/Remaining Term of Lease[b]	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2014	Percentage of Total Net Assets as at 31.12.2014	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013
		$'000	%	$'000	%
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah 6 Lengkok Bahru, Singapore 159051 11 April 2007, Nursing Home 30 years leasehold from 2002 10+10 years/ 13 years	3,593	10,500	1.41	10,700	1.57
Pacific Healthcare Nursing Home II @ Bukit Panjang 21 Senja Road, Singapore 677736 11 April 2007, Nursing Home 30 years leasehold from 2003 10+10 years/ 13 years	3,563	10,600	1.42	10,800	1.58
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007, Nursing Home 99 years leasehold from 1938 10+10 years/ 13 years	4,005	17,600	2.36	17,600	2.58
Portfolio of Investment Properties held under the Trust at Valuation – Sub-total		38,700	5.19	39,100	5.73
Indonesia					
Siloam Hospitals Lippo Village Jalan Siloam No. 6 Lippo Karawaci 1600 Tangerang 15811, Banten, Indonesia 11 December 2006, Hospital Hak Guna Bangunan ("HGB") 15+15 years/ 22 years	27,284	162,100	21.76	158,200	23.17
Siloam Hospitals Kebon Jeruk Jalan Raya Pejuangan Kav. 8 Kebon Jeruk, Jakarta 11530, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 22 years	18,316	91,900	12.34	90,300	13.22
Siloam Hospitals Surabaya Jalan Raya Gubeng No. 70 Surabaya 60281, Indonesia 11 December 2006, Hospital HGB 15+15 years/ 22 years	9,227	33,200	4.46	32,600	4.77

The accompanying notes form an integral part of these financial statements.

Statements of Portfolio
As at 31 December 2014

By Geographical Area

Description of Property/ Location/ Acquisition Date/Type of Property/ Land Title Type/ Term of Lease[a]/Remaining Term of Lease[b]	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2014	Percentage of Total Net Assets as at 31.12.2014	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013
		$'000	%	$'000	%
Indonesia (continued)					
Imperial Aryaduta Hotel & Country Club Boulevard Jenderal Sudirman, Lippo Village 1300, Tangerang 15811, Banten, Indonesia 11 December 2006, Hotel & Country Club HGB 15+15 years/ 22 years	17,427	42,100	5.65	38,700	5.67
Mochtar Riady Comprehensive Cancer Centre Jalan Garnisun Dalam No. 2-3, Semanggi Jakarta 12930, Indonesia 30 December 2010, Hospital HGB 15+15 years/ 26 years	37,933	253,200	33.99	240,100	35.16
Siloam Hospitals Lippo Cikarang Jalan Mohammad Husni Thamrin Kav. 105 Lippo Cikarang, Bekasi, Indonesia 17550 31 December 2010, Hospital HGB 15+15 years/ 26 years	11,125	46,000	6.17	45,400	6.65
Siloam Hospitals Manado & Hotel Aryaduta Manado Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1 Wenang Utara Sub-District, Wenang District, Manado North Sulawesi Indonesia 95111 30 November 2012, Hospital HGB 15+15 years/ 28 years	36,051	104,200	13.99	100,200	14.67
Siloam Hospitals Makassar Jalan Metro Tanjung Bunga Kav 3-5 Makassar City,South Sulawesi Province, Indonesia 30 November 2012, Hospital HGB 15+15 years/ 28 years	14,307	72,300	9.71	70,500	10.32

The accompanying notes form an integral part of these financial statements.

Statements of Portfolio
As at 31 December 2014

By Geographical Area

Description of Property/ Location/ Acquisition Date/Type of Property/ Land Title Type/ Term of Lease[a]/Remaining Term of Lease[b]	Gross Floor Area in Square Metres	Carrying Value as at 31.12.2014	Percentage of Total Net Assets as at 31.12.2014	Carrying Value as at 31.12.2013	Percentage of Total Net Assets as at 31.12.2013
		$'000	%	$'000	%
Indonesia (continued)					
Siloam Hospitals Bali Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia 13 May 2013, Hospital HGB 15+15 years/ 29 years	20,958	121,600	16.32	117,100	17.15
Siloam Hospitals TB Simatupang Jalan Letjend. TB Simatupang, Jalan R.A. Kartini No.8, RT 010, RW 04, Cilandak, Jakarta Selatan, Indonesia 22 May 2013, Hospital HGB 15+15 years/ 29 years	18,605	116,500	15.64	112,100	16.41
Siloam Hospitals Purwakarta Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia 28 May 2014, Hospital HGB 15+15 years/ 30 years	8,254	38,100	5.11	–	–
Siloam Sriwijaya Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia 29 December 2014, Hospital Strata Title on Build, Operate and Transfer scheme 15+15 years/ 30 years	15,709	43,790	5.88	–	–
South Korea					
Sarang Hospital No. 9 Bongsannam 3rd Street, Yeosu City Jeollanam-do, South Korea 5 August 2011, Hospital Freehold 10+10 years/ 17 years	4,982	8,325	1.12	7,966	1.16
Portfolio of Investment Properties at Valuation Held under the Group – Total		1,172,015	157.33	1,052,266	154.08

Notes:
[a]: Refers to the tenure of underlying land except for Siloam Sriwijaya which holds a strata title
[b]: Remaining terms of lease includes option to renew the land leases except for Siloam Sriwijaya which holds a strata title

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2014

1. General

First Real Estate Investment Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 ("Trust Deed") (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011 and Fourth Supplemental Deed dated 1 April 2013) entered into between Bowsprit Capital Corporation Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of Singapore.

The Trust is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Trust and its subsidiaries (the "Group") is to invest in a portfolio of income producing real estate properties, which are primarily used for healthcare and healthcare-related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is: 50 Collyer Quay #06-01 OUE Bayfront Singapore 049321.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 18 March 2015. The financial statements are for the Trust and the Group.

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. The Group's forecasts and projections, taking into account of reasonably possible changes in performance, show that the Group should be able to operate within the level of its current facility. The Group has considerable financial resources together with some good arrangements with the tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully.

Accounting convention

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires that the accounting policies should generally comply with the principles relating to recognition and measurement of the Financial Reporting Standards ("FRSs") issued by the Accounting Standards Council. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods. The financial statements are prepared on a going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

2. Summary of significant accounting policies

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Trust and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within unitholders' funds as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes and discounts. Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue is recognised as follows:

Rental income from operating leases

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the leased term.

2. Summary of significant accounting policies (continued)

Revenue recognition (continued)

Interest income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

Dividend income

Dividend from an equity instrument is recognised as income when the entity's right to receive payment is established.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in unitholders' funds if the tax is related to an item recognised directly in unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions

The functional currency of the Trust is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in unitholders' funds such as for qualifying cash flow hedges. The presentation is in the functional currency.

2. Summary of significant accounting policies (continued)

Translation of financial statements of foreign entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of unitholders' funds until the disposal of that relevant entity.

Operating segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were none during the reporting year.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

2. Summary of significant accounting policies (continued)

Investment properties

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. It includes an investment property in the course of construction. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value as of the end of the reporting year. A gain or loss arising from a change in the fair value of investment property is included in profit or loss for the reporting year in which it arises. The fair values are measured periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

Unit-based payments

The cost is recognised as an expense when the units are issued for services. The issued capital is increased by the fair value of the transaction.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2. Summary of significant accounting policies (continued)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior reporting years are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year there were no financial assets classified in this category.

2. Summary of significant accounting policies (continued)

Financial assets (continued)

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expired. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2. Summary of significant accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Net assets attributable to unitholders

RAP 7 requires that the unit trusts classify the units on initial recognition as equity. The net assets attributable to unitholders comprise the residual interest in the assets of the unit trust after deducting its liabilities. Under RAP 7, distributions are accrued for at the reporting year end date if the manager has the discretion to declare distributions without the need for unitholder or trustee approval and a constructive or legal obligation has been created. Distributions to unitholders have been recognised as liabilities when they are declared.

Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group and Trust's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Summary of significant accounting policies (continued)

Fair value measurement (continued)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

2. Summary of significant accounting policies (continued)

Critical judgements, assumptions and estimation uncertainties (continued)

Fair values of investment properties:

Certain judgements and assumptions are made in the valuation of the investment properties based on certain calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 12.

Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in Note 9 on income tax.

Allowance for doubtful trade and other receivables:

An allowance is made for doubtful trade and other receivables for estimated losses resulting from the subsequent inability of the customers and debtors to make required payments. If the financial conditions of the customers and debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade and other receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Deferred tax: recovery of underlying assets

The deferred tax relating to an asset is dependent on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model or revaluation model for investment property or when fair value is required or permitted by a FRS for a non-financial asset. Management has taken the view that as there is clear evidence that it will consume the relevant asset's economic benefits throughout its economic life. The amount is stated in Note 9.

2. Summary of significant accounting policies (continued)

Critical judgements, assumptions and estimation uncertainties (continued)

Estimated impairment of subsidiary:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flows.

3. Related party relationships and transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The ultimate controlling party is PT Lippo Karawaci Tbk.

3A. Related parties:

There are transactions and arrangements between the Trust and members of the Group and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed unless stated otherwise. There were no financial guarantees issued during the reporting year. Intra-group transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
The parent company of the Manager				
Property rental income	86,809	77,821	–	–
Acquisition of investment property (Note 12)	–	193,859	–	–

3. Related party relationships and transactions (continued)

3A. Related parties (continued):

	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
The Manager				
Manager's management fees	(9,138)	(7,977)	(9,138)	(7,977)
Acquisition-related fees	(702)	(1,904)	(702)	(1,904)
The Trustee				
Trustee fees	(341)	(299)	(341)	(299)

The parent company of the Manager is PT Lippo Karawaci Tbk, incorporated in Indonesia.

The Manager held 32,955,777 (2013: 27,241,365) units in the Trust at the end of the reporting year.

The lessees of the Indonesian properties are subsidiaries of PT Lippo Karawaci Tbk. The lessees have provided bank guarantees of $44,205,000 (2013: $43,380,000) in lieu of the security deposits for rental income from the properties. These guarantees which expired in May, November and December 2014 have been renewed up to May, November and December 2015 as appropriate.

Acquisition fees payable to the Manager are disclosed in Note 18.

The Group and the Trust have no employees. All the required services are provided by the Manager and others.

The Trust has entered into several service agreements in relation to the management of the Trust. The fee structures of these services are as follows:

(A) Trustee Fees

Under the Trust Deed, the Trustee is entitled to a fee not exceeding 0.1% (2013: 0.1%) per annum of the value of the Deposited Property (as defined in the Trust Deed).

The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is subject to review every three years.

(B) Manager's Fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

(i) A base fee of 0.4% (2013: 0.4%) per annum of the value of the Deposited Property. Any increase in the rate of the base fee above the permitted limit or any change in the structure of the base fee shall be approved by an extraordinary resolution of a meeting of unitholders. The Manager may opt to receive the base fee in the form of units and/or cash.

(ii) A performance fee fixed at 5.0% (2013: 5.0%) per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and/or cash.

3. Related party relationships and transactions (continued)

3A. Related parties: (continued)

(iii) Manager's acquisition fee determined at 1.0% (2013: 1.0%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) A divestment fee at 0.5% (2013: 0.5%) of the value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

4. Gross revenue

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Rental income	93,255	83,280	3,615	3,458
Dividend income from subsidiaries	–	–	52,771	46,401
	93,255	83,280	56,386	49,859

5. Property operating expenses

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Property tax expense	62	63	62	63
Valuation expenses	211	197	35	32
Insurance expenses	89	67	–	–
Professional fees	387	468	–	24
Impairment allowance on trade receivables	546	2,150	–	–
Others	87	127	–	1
	1,382	3,072	97	120

6. Manager's management fees

	Group and Trust	
	2014	2013
	$'000	$'000
Base fees	4,544	3,967
Performance fees	4,594	4,010
	9,138	7,977

7. Finance costs

	Group and Trust	
	2014	2013
	$'000	$'000
Interest expense	13,376	11,132
Amortised borrowing costs	1,841	1,241
	15,217	12,373

During the financial year, transaction costs expensed for refinancing a bank loan was $714,000 (2013: Nil).

8. Other expenses

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Foreign exchange adjustment loss	688	994	772	585
Handling and processing fees	557	148	557	148
Impairment allowance on other receivables	–	–	–	567
Professional fees	370	246	370	246
Project expenses	100	187	100	187
Others	149	117	149	169
	1,864	1,692	1,948	1,902

Total fees to auditors:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Audit fees to independent auditors of the Trust	238	200	176	149
Audit fees to other independent auditors	156	129	–	–
Non-audit fees to independent auditors of the Trust	15	14	15	14

9. Income tax

9A. Components of tax expense/(benefit) recognised in profit or loss include:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Current tax expense:				
Current tax expense	15,073	13,199	–	–
Subtotal	15,073	13,199	–	–
Deferred tax expense:				
Deferred tax expense/(benefit)	7,010	(11,667)	(105)	115
Subtotal	7,010	(11,667)	(105)	115
Total income tax expense/(benefit)	22,083	1,532	(105)	115

9. Income tax (continued)

9A. Components of tax expense/(benefit) recognised in profit or loss include (continued):

The income tax expense/(benefit) varied from the amount of income tax expense/(benefit) determined by applying the Singapore income tax rate of 17% (2013: 17%) to total return before income tax as a result of the following differences:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Total return before income tax	112,686	119,364	30,878	21,589
Income tax expense at the above rate	19,157	20,292	5,249	3,670
Non-deductible/(not liable to tax) items	15,643	(4,680)	(5,639)	(3,831)
Effect of different tax rates in different countries	(13,002)	(14,356)	–	–
Tax transparency [(a)]	285	276	285	276
Total income tax expense/(benefit)	22,083	1,532	(105)	115

The amount of current income taxes payable as at the end of the reporting year was $445,000 (2013: $1,532,000) for the Group. Such an amount, according to tax rules, was to be paid before the end of the reporting year.

(a) There is a tax ruling issued by the Inland Revenue Authority of Singapore (the "IRAS") to grant tax transparency treatment on rental and other related income derived by the Trust. Under this tax transparency treatment, subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on such taxable income to the extent of the amount distributed to unitholders. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on such distributions. For taxable income that is not distributed, tax on such amount of taxable income will be assessed on the Trust.

9B. Deferred tax expense/(benefit) recognised in profit or loss include:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax relating to the changes in fair value of investment properties	7,010	(11,667)	(105)	115

9C. Deferred tax balance in the statement of financial position:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred tax (liabilities)/assets recognised in profit or loss:				
Deferred tax relating to the changes in fair value of investment properties	(28,508)	(21,498)	595	490

9. Income tax (continued)

9C. Deferred tax balance in the statement of financial position (continued):

Presented in the statements of financial position as follows:

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred tax liabilities	(29,103)	(21,988)	–	–
Deferred tax assets	595	490	595	490
Net balance	(28,508)	(21,498)	595	490

It is impracticable to estimate the amount expected to be settled or used within one year.

At the end of the reporting year, the aggregate amounts of temporary differences associated with investments in investees for which deferred tax liabilities have not been recognised were in relation to the fair values gains on investment properties in the foreign subsidiaries which may be subject to withholding tax if paid as dividends on realisation of the fair value gains. As mentioned in the accounting policy in Note 2, no liability has been recognised in respect of these differences:

	Group	
	2014 $'000	2013 $'000
Foreign subsidiaries	65,008	60,796

10. Earnings per unit

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per unit of no par value:

	Group	
	2014	2013
Denominator: Weighted average number of units outstanding during the year ('000)	719,510	693,449
Numerator: Earnings attributable to unitholders Total return after income tax ($'000)	90,603	117,832
Earnings per unit (in cents) Basic and diluted	12.59	16.99

The weighted average number of units refers to units in circulation during the reporting year.

The diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the reporting year.

11. Distributions

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Total distribution paid during the year:		
Distribution of 0.70 cents per unit for the period from 26 November 2012 to 31 December 2012	–	4,607
Distribution of 1.74 cents per unit for the period from 1 January 2013 to 31 March 2013	–	11,605
Distribution of 1.85 cents per unit for the period from 1 April 2013 to 30 June 2013	–	12,655
Distribution of 1.96 cents per unit for the period from 1 July 2013 to 30 September 2013	–	13,927
Distribution of 1.97 cents per unit for the period from 1 October 2013 to 31 December 2013	13,955	–
Distribution of 1.99 cents per unit for the period from 1 January 2014 to 31 March 2014	14,195	–
Distribution of 2.00 cents per unit for the period from 1 April 2014 to 30 June 2014	14,371	–
Distribution of 2.02 cents per unit for the period from 1 July 2014 to 30 September 2014	14,689	–
	57,210	42,794

11A. Distribution per unit

	Group and Trust 2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'000
Based on the number of units in issue at the dates of distributions	8.05	7.52	58,221	52,086

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

Distribution Rate

	Group and Trust 2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'000
Taxable Income [(a)]:	0.26	0.23	1,871	1,585
Tax-Exempt Income [(b)]:	3.80	3.68	27,350	25,237
Capital [(c)]:	1.95	1.64	14,037	11,309
Subtotal:	6.01	5.55	43,258	38,131

11. Distributions (continued)

11A. Distribution per unit (continued)

Name of Distribution: Distribution declared subsequent to end of the reporting year (final distribution) (See Note 26)

Distribution Type: Income/Capital

Distribution Rate

	Group and Trust			
	2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'000
Taxable Income [(a)]:	0.09	0.08	660	599
Tax-Exempt Income [(b)]:	1.28	1.24	9,388	8,762
Capital [(c)]:	0.67	0.65	4,915	4,594
Subtotal:	2.04	1.97	14,963	13,955

Total annual distribution paid or declared

	2014 Cents per unit	2013 Cents per unit	2014 $'000	2013 $'000
Taxable Income [(a)]:	0.35	0.31	2,531	2,184
Tax-Exempt Income [(b)]:	5.08	4.92	36,738	33,999
Capital [(c)]:	2.62	2.29	18,952	15,903
Total:	8.05	7.52	58,221	52,086

(a) Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. The Monetary Authority of Singapore has announced that the 10% tax concession, which was to expire on 31 March 2015, has been extended till 31 March 2020.

All other investors will receive their distributions after deduction of tax at the rate of 17% (2013: 17%).

(b) Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

(c) Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of the Trust's units, the amount of capital distribution will be applied to reduce the cost base of their Trust's units for Singapore income tax purposes.

Current Distribution Policy:

The Trust's current distribution policy is to distribute at least 90.0% (2013: 90.0%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by the Trust from redemption of redeemable preference shares and shareholder loans in the Singapore subsidiaries.

12. Investment properties

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At valuation:				
Fair value at beginning of year	1,052,266	796,702	39,100	38,300
Additions at cost #a	72,217	193,859	219	122
Translation differences	358	371	-	-
Increase/(decrease) in fair value included in statements of total return under increase/ (decrease) in fair values of investment properties (Level 3)	47,174	61,334	(619)	678
Fair value at end of year	1,172,015	1,052,266	38,700	39,100
Rental income from investment properties	93,255	83,280	3,615	3,458
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	1,382	3,072	97	120

The increase in fair value is due to the acquisitions during the year and improvements in fair value estimates due to changes in key inputs. The Group's portfolio consists of properties located in Indonesia, Singapore and South Korea (see the statements of portfolio). These investment properties include the mechanical and electrical equipment located in the respective properties.

#a. The additions in 2014 are for the acquisition of Siloam Hospitals Purwakarta and Siloam Sriwijaya (Note 18). This includes capitalised transaction costs of $1,837,000. The additions in 2013 were for the acquisition of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang amounting to $97.3 million and $93.1 million respectively. The additions included capitalised transaction costs of $3,297,000.

The fair value of each investment property was measured in October 2014 and updated on 31 December 2014 based on the highest and best use method to reflect the actual market state and circumstances as of the end of the reporting year. The valuations were based on the discounted cash flow and direct capitalisation methods as appropriate. The fair value was based on valuations made by independent valuers on a systematic basis at least once yearly. In relying on the valuation reports, the management is satisfied that the independent valuers have appropriate professional qualifications, are independent and have recent experience in the location and category of the properties being valued. There has been no change to the valuation techniques during the year. Management determined that the highest and best use of the asset is the current use and that it would provide maximum value to market participants principally through its use in combination with other assets.

The fair values for 2014 were made by the following firms of independent professional valuers:

1. Five Indonesian properties – KJPP Willson & Rekan in association with Knight Frank
2. Five Indonesian properties – KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte Ltd
3. One Indonesian property – KJPP Rinaldi, Alberth, Baroto & Rekan in association with DTZ
4. One Indonesian property – KJPP Winarta & Rekan in alliance with Jones Lang LaSalle
5. All Singapore properties – CBRE Pte Ltd
6. The South Korean property – CBRE Pte Ltd

12. Investment properties (continued)

The key assumptions and inputs for the fair value calculations are as follows:

	Indonesia 2014	Indonesia 2013	Singapore 2014	Singapore 2013	South Korea 2014	South Korea 2013
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	9.64% to 9.80%	9.29% to 9.92%	8.25%	8.25%	Note 1	Note 1
2. Growth rates based on escalation rate in the lease agreements	#(A)	#(A)	2.00%	2.00%	Note 1	Note 1
3. Cash flow forecasts derived from the most recent financial budgets approved by management	10 years	10 years	10 years	10 years	Note 1	Note 1
4. Terminal rate #(B)	9.00% to 11.00%	9.00% to 11.00%	6.00% to 6.50%	6.00% to 6.50%	Note 1	Note 1
5. Dates of valuations	1 Oct and 31 Oct	7 Nov	31 Oct	7 Nov	31 Oct	7 Nov

#(A) The growth rate for the base rent is based on 2.00% (2013: 2.00%) of the preceding 12 months base rent while the variable rent is the amount equivalent to 0.75% to 2.00% (2013: 0.75% to 2.00%) of the tenant's gross revenue for the preceding calendar year, depending on the tenant's gross revenue growth.

#(B) No terminal rate was used for the valuation of Siloam Sriwijaya whose agreement with the provincial government only allows for a fixed lease period.

Note 1: The valuation of the South Korean property for 2014 and 2013 were based on the direct capitalisation method. The direct capitalisation method is a valuation method used to convert a single year's income expectancy into a value estimate. The income used is the market rental of this property adjusted for operating expenses (net operating income). An overall capitalisation rate of 9.75% (2013: 9.00%) is applied to the net operating income to arrive at the fair value of the property. The overall capitalisation rate used takes into account the level of risk associated with the property.

12. Investment properties (continued)

There are no restrictions on the realisability of investment properties or the remittance of income and proceeds from disposal.

Other than Sarang Hospital, Siloam Hospitals Purwakarta and Siloam Sriwijaya, all the properties are mortgaged as security for the bank facilities (Note 20).

Other details on the properties are disclosed in the statements of portfolio.

The two types of property titles in Indonesia are Hak Guna Bangunan ("HGB") title and Strata title constructed on Build, Operate and Transfer ("BOT") scheme.

The HGB title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title which the State retains "ownership". For practical purposes, there is little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on a certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia.

The Strata title gives the party who holds the property the ownership of common areas, common property and common land proportionately with other Strata title owners. The commencement date of each title varies. The BOT scheme is a structure in Indonesia for the construction of commercial buildings where Indonesian government owns the relevant land ("BOT land"). Under the BOT scheme, the Indonesian government which owns BOT land ("BOT grantor") agrees to grant certain rights over the BOT land to another party ("BOT grantee"). The BOT grantee can develop the site, subject to the relevant approvals and then operate the buildings constructed on the BOT land for a particular period of time as stipulated in the BOT agreement, including obtaining Strata title certificates on the BOT land. A BOT scheme is granted for an initial period of 20 to 30 years and is extendable upon agreement of both the grantor and grantee. Upon expiration of the term of the BOT agreement, the BOT grantee must return the land, together with any buildings and fixtures on top of the land, without either party providing any form of compensation to the other.

The investment properties are leased out under operating leases (Notes 3 and 25).

Information about fair value measurements using significant unobservable inputs (Level 3)

All fair value measurements of investment properties are categorised within Level 3 of the fair value hierarchy, and a description of the valuation techniques and the significant inputs used in the fair value measurement are as follows:

Description	Fair value at 31 December 2014 (in $'000)	Valuation technique(s)	Key unobservable inputs	Range of unobservable inputs (probability - weighted average)	Relationship of unobservable inputs to fair value
Investment properties	1,163,690	Discounted cash flow method	Discount rate	8.25% to 9.80% (2013: 8.25% to 9.92%)	The higher the discount rate, the lower the fair value.
			Terminal growth rate	6.00% to 11.00% (2013: 6.00% to 11.00%)	The higher the terminal growth rate, the lower the fair value.
	8,325	Direct capitalisation method	Capitalisation rate	9.75% (2013: 9.00%)	The higher the capitalisation rate, the lower the fair value.

There were no significant inter-relationships between unobservable inputs.

12. Investment properties (continued)

Sensitivity analysis on key estimates:

Indonesian properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by $59.2 million (2013: $67.5 million); higher by $69.3 million (2013: $76.5 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by $50.9 million (2013: $40.5 million); lower by $50.8 million (2013: $40.9 million) respectively.

3. Terminal growth rates

A hypothetical 10% increase or decrease in the terminal growth rate would have an effect on return before tax of – lower by $27.5 million (2013: $29.2 million); higher by $37.3 million (2013: $33.3 million) respectively.

Singapore properties:

1. Discount rates

A hypothetical 10% increase or decrease in the pre-tax discount rate applied to the discounted cash flows would have an effect on return before tax of – lower by $1.8 million (2013: $1.9 million); higher by $2.0 million (2013: $2.1 million) respectively.

2. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by $2.5 million (2013: $2.5 million); lower by $2.4 million (2013: $2.4 million) respectively.

3. Terminal growth rates

A hypothetical 10% increase or decrease in the terminal growth rate would have an effect on return before tax of – lower by $0.4 million (2013: $0.4 million); higher by $0.4 million (2013: $0.5 million) respectively.

South Korean property:

1. Growth in rental income

A hypothetical 10% increase or decrease in the rental income would have an effect on return before tax of – higher by $0.9 million (2013: $0.8 million); lower by $0.8 million (2013: $0.8 million) respectively.

2. Capitalisation rates

A hypothetical 10% increase or decrease in the capitalisation rate would have an effect on return before tax of – lower by $0.8 million (2013: $0.8 million); higher by $0.9 million (2013: $0.9 million) respectively.

12. Investment properties (continued)

Valuation processes of the Group

The Group's finance department works with a team that oversees the valuations of investment properties by external valuers required for financial reporting, including fair values. This Asset and Investment team ("valuation team") reports directly to the chief executive officer ("CEO"). Discussions of valuation processes and results are held between the CEO and the valuation team.

The team engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year. For 2014, the firms of independent professional valuers engaged are mentioned above.

The main Level 3 inputs used by the Group are derived and evaluated as follows:

- *Discount rates*
  The discount rate has been determined using the valuers' model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

- *Terminal growth rates*
  The terminal growth rate has been determined using the valuers' model of the location, building quality, its surrounding local market condition, the competitive positioning of the property, the perceived market conditions in the future, estimated cash flow profile and the overall physical condition and age of the property.

- *Expected net rental cashflows*
  These are estimated by management based on existing lease agreements and market conditions as at 31 December 2014. The estimates are largely consistent with management's knowledge of actual conditions and situations.

13. Investments in subsidiaries

	Trust	
	2014 $'000	2013 $'000
Cost at the beginning of the year	639,721	465,923
Additions at cost	65,996	193,691
Impairment allowance included in the statement of total return	–	(8,136)
Redemption of redeemable preference shares	(14,728)	(11,757)
Cost at the end of the year	690,989	639,721
Total cost comprising:		
Unquoted equity shares at cost	353,357	347,020
Redeemable preference shares at cost	337,632	292,701
Total at cost	690,989	639,721
Movement in allowance for impairment:		
Balance at beginning of the year	(8,136)	–
Impairment allowance included in the statement of total return	–	(8,136)
Balance at end of the year	(8,136)	(8,136)

The details of the subsidiaries are disclosed in Note 29 below.

14. Trade and other receivables, current

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	3,922	2,741	757	448
Less impairment allowance	(2,831)	(2,165)	–	–
Related party (Note 3)	1,391	1,350	8	8
Subtotal	2,482	1,926	765	456
Other receivables:				
Subsidiaries (Note 3)	–	–	2,222	2,269
Less impairment allowance	–	–	(567)	(567)
Outside parties	6,506	22,776	24	16
Subtotal	6,506	22,776	1,679	1,718
Total trade and other receivables	8,988	24,702	2,444	2,174

The other receivables from outside parties are mainly recoverable taxes to be paid over to the vendors of the properties acquired.

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Movement in above allowance:				
Balance at beginning of the year	(2,165)	–	(567)	–
Impairment allowance	(546)	(2,150)	–	(567)
Foreign exchange loss recognised on translation at year end	(120)	(15)	–	–
Balance at the end of the year	(2,831)	(2,165)	(567)	(567)

15. Loan receivable

	Trust	
	2014	2013
	$'000	$'000
Loan receivable from subsidiary:		
Non-current portion	58,785	62,976
Current portion	4,191	4,191
Total	62,976	67,167

The agreement for the loan receivable provides that it is unsecured, with floating interest at 0% to 3.39% (2013: 0% to 3.56%) per annum and is repayable by quarterly instalments over 20 years from 30 December 2010. The loan is carried at amortised cost using the effective interest method. A portion of the loan receivable has no interest and thus the fair value is not determinable. The amount is not past due.

16. Other assets, current

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Prepayments	206	117	178	116
Prepaid taxes	2,351	1,627	–	–
	2,557	1,744	178	116

17. Cash and cash equivalents

	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
Not restricted in use	28,230	29,331	26,708	25,091

The rate of interest for the cash on interest-earning accounts ranged from 0.37% to 0.87% (2013: 0.51% to 0.82%) per annum.

17A. Cash and cash equivalents in the statement of cash flows:

	Group 2014 $'000	Group 2013 $'000	Trust 2014 $'000	Trust 2013 $'000
As shown above	28,230	29,331	26,708	25,091

17B. Non-cash transactions:

There were units issued as settlement of the Manager's management fees (Note 18).

Eligible unitholders that have elected to participate in the Distribution Reinvestment Plan ("DRP") received their distributions in units (Note 18).

During the year, a total of 3,805,175 units were issued in settlement of $4.5 million of the purchase consideration for the acquisition of Siloam Hospitals Purwakarta (Note 18). In 2013, a total of 35,450,935 units were issued in settlement of $50.0 million of the purchase consideration for the acquisition of Siloam Hospitals TB Simatupang.

18. Units in issue and net assets value attributable to unitholders

	Group and Trust 2014 '000	Group and Trust 2013 '000
Units at beginning of the year	706,629	664,948
Issuance of new units as settlement of management fees (a)	5,762	4,852
Issuance of new units as settlement of acquisition fees (b)	–	1,378
Issuance of new units to vendor as part of investment property purchase (c)	3,805	35,451
Issuance of new units pursuant to the Distribution Reinvestment Plan (d)	15,506	–
Units at end of the year	731,702	706,629

(a) 5,762,000 (2013: 4,852,000) new units at an issue price range from $1.0431 to $1.2240 (2013: $1.0526 to $1.2023) per unit were issued in respect of the settlement for the Manager's management fees to the Manager.

At the end of the reporting year, 1,565,000 (2013: 1,613,000) units were issuable as settlement for the Manager's management fees for the last quarter of the reporting year.

18. Units in issue and net assets value attributable to unitholders (continued)

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price ("VWAP") for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

(b) In 2013, acquisition fees for Siloam Hospitals Bali and Siloam Hospitals TB Simatupang were payable to the Manager pursuant to the Trust Deed in the form of units. The Manager elected to receive the acquisition fees, amounting to $1.9 million in units at the 10 days VWAP pricing per unit before the issue date.

(c) The Trust acquired Siloam Hospitals Purwakarta ("SHPW"), which is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia for a purchase consideration of $31.0 million from PT Purimas Elok Asri ("PT PEA"), which wholly-owned the SHPW property. PT PEA is not an interested person nor an interested party. The acquisition of SHPW property was carried out by the Trust indirectly via the acquisition of Finura Investments Pte. Ltd., a company incorporated in Singapore which, directly and through its wholly-owned subsidiary, Glamis Investments Pte. Ltd., a company incorporated in Singapore, wholly owned PT Eka Dasa Parinama, a company incorporated in Indonesia which now holds the SHPW property. $4.5 million of the purchase consideration was satisfied by way of the issuance of 3,805,000 units at an issue price of $1.1826 per unit at the date of completion to PT PEA.

The acquisition was completed on 28 May 2014.

The Trust also acquired Siloam Sriwijaya ("SS"), which is located at Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia for a purchase consideration of $39.2 million from PT Bisma Pratama Karya ("PT BPK"), which wholly-owned the SS property. PT BPK is not an interested person nor an interested party. The acquisition of SS property was carried out by the Trust indirectly via the incorporation of Sriwijaya Investment I Pte. Ltd., a company incorporated in Singapore which, through its wholly-owned subsidiary, Sriwijaya Investment II Pte. Ltd., a company incorporated in Singapore, wholly owned PT Sriwijaya Mega Abadi, a company incorporated in Indonesia which now holds the SS property. $6.0 million of the purchase consideration will be satisfied by way of the issuance of 4,805,000 units at an issue price of $1.2488 per unit with the approval from the Singapore Exchange Securities Trading Limited on 5 January 2015.

The acquisition was completed on 29 December 2014.

(d) The Trust introduced and implemented a Distribution Reinvestment Plan ("DRP") on 9 January 2014 whereby the unitholders have the option to receive their distribution in units instead of cash or a combination of units and cash.

15,506,000 (2013: Nil) new units at an issue price range of $1.0163 to $1.1887 (2013: Nil) per unit were issued pursuant to the Distribution Reinvestment Plan.

18. Units in issue and net assets value attributable to unitholders (continued)

Under the Trust Deed, every unit carries the same voting rights. Each unit represents an equal and undivided beneficial interest in the assets of the Trust. Units have no conversion, retraction, redemption or pre-emptive rights. The rights and interests of unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Receive audited financial statements and the annual report of the Trust; and
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust.

No unitholder has a right to require that any assets of the Trust be transferred to him.

Further, unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- The Trust ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of the Trust in the event that the liabilities of the Trust exceeds its assets.

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net assets value attributable to unitholders at end of the year	744,950	682,899	394,273	392,173
	Cents	Cents	Cents	Cents
Net assets value attributable to unitholders per unit (in cents)	101.81	96.64	53.88	55.50

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds

Group:	Issued Equity $'000	Retained Earnings $'000	Foreign Exchange Reserve $'000	Total $'000
Current year:				
Opening balance at 1 January 2014	414,109	268,170	620	682,899
Total comprehensive return for the year	–	90,603	331	90,934
Purchase of investment property paid in units (Note 18)	4,500	–	–	4,500
Manager's management fees settled in units	6,459	–	–	6,459
Distribution settled in units	17,368	–	–	17,368
Distributions	(18,644)	(38,566)	–	(57,210)
Closing balance at 31 December 2014	423,792	320,207	951	744,950
Previous year:				
Opening balance at 1 January 2013	369,159	180,691	224	550,074
Total comprehensive return for the year	–	117,832	396	118,228
Purchase of investment property paid in units (Note 18)	50,000	–	–	50,000
Manager's management fees settled in units	5,487	–	–	5,487
Manager's acquisition fees settled in units	1,904	–	–	1,904
Distributions	(12,441)	(30,353)	–	(42,794)
Closing balance 31 December 2013	414,109	268,170	620	682,899

Trust:	Issued Equity $'000	Accumulated Losses $'000	Total $'000
Current year:			
Opening balance at 1 January 2014	414,109	(21,936)	392,173
Total comprehensive return for the year	–	30,983	30,983
Purchase of investment property paid in units (Note 18)	4,500	–	4,500
Manager's management fees settled in units	6,459	–	6,459
Distribution settled in units	17,368	–	17,368
Distributions	(18,644)	(38,566)	(57,210)
Closing balance at 31 December 2014	423,792	(29,519)	394,273

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds (continued)

Trust:	Issued Equity $'000	Accumulated Losses $'000	Total $'000
Previous year:			
Opening balance at 1 January 2013	369,159	(13,057)	356,102
Total comprehensive return for the year	–	21,474	21,474
Purchase of investment property paid in units (Note 18)	50,000	–	50,000
Manager's management fees settled in units	5,487	–	5,487
Manager's acquisition fees settled in units	1,904	–	1,904
Distributions	(12,441)	(30,353)	(42,794)
Closing balance at 31 December 2013	414,109	(21,936)	392,173

Capital management:

The objectives when managing capital are: to safeguard the Trust's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to provide an adequate return to unitholders. The Manager sets the amount of capital to meet its requirements. There were no changes in the approach to capital management during the reporting year.

The Manager manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Manager may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new units, or sell assets to reduce debt. The distribution policy is disclosed in Note 11.

The Group's long-term policy is that net debt should be in the low range of the amount in the statement of financial position. This policy aims to ensure that the Group both maintains a good credit rating and lowers its weighted average cost of capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. issued equity and retained earnings).

	Group		Trust	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Net debt:				
All external non-current borrowings	396,575	353,798	396,575	353,798
Less: Cash and cash equivalents	(28,230)	(29,331)	(26,708)	(25,091)
Net debt	368,345	324,467	369,867	328,707
Net capital:				
Issued equity	423,792	414,109	423,792	414,109
Retained earnings/(Accumulated losses)	320,207	268,170	(29,519)	(21,936)
Foreign exchange reserve	951	620	–	–
Net capital	744,950	682,899	394,273	392,173
Debt-to-adjusted capital ratio	49.45%	47.51%	93.81%	83.82%

18. Units in issue and net assets value attributable to unitholders (continued)

18A. Movements in components of unitholders' funds (continued)

Capital management (continued):

The unfavourable change in the Group's debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in borrowings. This was partially offset by a favourable change from improved retained earnings.

The only externally imposed capital requirement is that for the Group to maintain its listing on the SGX-ST, it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST's 10% limit throughout the reporting year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. It was 33.1% (2013: 32.3%) as at end of the reporting year. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the reporting year.

The Manager monitors the level, nature of debt and leverage ratios, along with the compliance with debt covenants continuously to ensure that sufficient resources exist.

19. Financial ratios

	Group		Trust	
	2014	2013	2014	2013
Expenses to average net assets ratio - excluding performance related fees [1]	1.59%	1.63%	2.71%	2.57%
Expenses to average net assets ratio - including performance related fees [1]	0.95%	0.97%	1.54%	1.50%
Portfolio turnover ratio [2]	N/M	N/M	N/M	N/M
Rent/EBITDA ratio of Indonesian properties [3]	67.30%	68.06%	–	–

(1) The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore dated 25 May 2005. The expenses used in the computation relate to expenses excluding any interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) Turnover ratio means the number of times per year that a dollar of assets is reinvested. It is calculated based on the lesser of purchases or sales of underlying investments of a scheme expressed as a percentage of daily average net asset value.

(3) The Manager has given an undertaking to the SGX-ST that for so long as it remains the Manager of the Trust and PT Lippo Karawaci Tbk in Indonesia and/or any of its related corporations remains a controlling shareholder of the Manager, it will disclose the Rent/EBITDA ratio of the Indonesia properties, except for Siloam Hospitals Purwakarta and Siloam Sriwijaya. The EBITDA (unaudited) for the operations renting the Indonesian properties, except for Siloam Hospitals Purwakarta and Siloam Sriwijaya, is calculated before the rental expenses.

N/M – Not meaningful as the ratio is Nil for 2014 and 2013 as there was no sale of investment property.

20. Other financial liabilities

	Group and Trust	
	2014	2013
	$'000	$'000
Current:		
Bank loans (unsecured)	26,500	–
Transaction cost to be amortised	(15)	–
Current, total	26,485	–
Non-current:		
Bank loans (secured) (Note 20A)	274,794	257,842
Transaction cost to be amortised (Note 20A)	(3,841)	(2,946)
	270,953	254,896
Fixed rate notes (unsecured) (Note 20B)	100,000	100,000
Transaction cost to be amortised	(863)	(1,098)
	99,137	98,902
Non-current, total	370,090	353,798
Total other financial liabilities	396,575	353,798

The above current bank loan is due in May 2015 and is under a bridge loan facility of up to $27,000,000. The range of floating interest rates per annum from 2.44% to 3.00% (2013: Nil).

All bank loans and fixed rate notes are carried at amortised cost using the effective interest method.

20A. Bank loans (secured)

	Group and Trust	
	2014	2013
	$'000	$'000
Non-current:		
Bank loan A (secured)	–	166,242
Transaction cost to be amortised	–	(1,727)
	–	164,515
Bank loan B (secured)	91,600	91,600
Transaction cost to be amortised	(1,008)	(1,219)
	90,592	90,381
Bank loan C (secured)	33,160	–
Transaction cost to be amortised	(560)	–
	32,600	–
Bank loan D (secured)	150,034	–
Transaction cost to be amortised	(2,273)	–
	147,761	–
Total bank loans (secured)	270,953	254,896

20. Other financial liabilities (continued)

20A. Bank loans (secured)

Bank loan A, which was due in November 2016 and under multi-currency transferable term loan facilities of up to $168,000,000, was refinanced by Bank loan D during the year. Bank loan B is due in November 2017 and is under a fixed rate loan facility of up to $92,000,000. Bank loan C is due in December 2017 and December 2018 and is under multi-currency transferrable term loan facilities of up to $40,000,000. Bank loan D is due in December 2017, December 2018 and December 2019, and is under multi-currency transferable term loan facilities of up to $165,000,000.

All the amounts are at floating interest rates except for Bank loan B. The range of floating interest rates per annum for the above borrowings is from 3.47% to 3.64% (2013: 3.43% to 3.64%) per annum. The fixed interest rate of Bank loan B is 3.39% (2013: 3.39%) per annum. The range of effective interest rates per annum for the above borrowings is from 3.72% to 4.19% (2013: 3.71% to 3.89%).

The bank loan agreements provide among other matters for the following:

1) First and second legal mortgage over all the properties of the Group except for Sarang Hospital, Siloam Hospitals Purwakarta and Siloam Sriwijaya.

2) Assignment to the bank of all of the Group's rights, titles, interests and benefits under any leases, tenancies, sales proceeds and cash flows in respect of the Indonesian properties and the Singapore properties except for Siloam Hospitals Purwakarta and Siloam Sriwijaya.

3) Assignment to the bank of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesian properties and the Singapore properties, with the bank named as a "loss payee" except for Siloam Hospitals Purwakarta and Siloam Sriwijaya.

4) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries except for Great Capital Pte. Ltd., Key Capital Pte. Ltd., Kalmore Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., Surabaya Hospitals Investments Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.

5) Charge of all of the Trust's shares in the Singapore subsidiaries except for Kalmore Investments Pte. Ltd., Finura Investments Pte. Ltd., Glamis Investments Pte. Ltd., IAHCC Investment Pte. Ltd., Surabaya Hospitals Investment Pte. Ltd., Sriwijaya Investment I Pte. Ltd., and Sriwijaya Investment II Pte. Ltd.

6) Charge of all of the Singapore subsidiaries' shares in the Indonesian subsidiaries except for PT Eka Dasa Parinama and PT Sriwijaya Mega Abadi.

7) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the Singapore properties.

8) PT Lippo Karawaci Tbk's interest in the Trust is not less than 25.0%.

9) Compliance with certain financial covenants.

20. Other financial liabilities (continued)

20A. Bank loans (secured) (continued)

The carrying amount of the current and non-current borrowings, which are at floating variable market rates, approximate their fair values at reporting date.

The carrying amount and fair value of the non-current fixed rate bank loans are as follows:

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group and Trust				
Bank loan B (non-current)	90,592	90,381	92,793	95,058

The fair value above is determined from discounted cashflow analysis, discounted at market borrowing rates of an equivalent instrument at the reporting date at which the Manager expects to be available to the Group.

20B. Fixed rate notes (unsecured)

In 2013, the Trust established the S$500,000,000 Multicurrency Medium Term Note Programme ("Programme").

Under this Programme, the Trust may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars or any other currency agreed with the dealer(s). Notes may be issued at par or at a discount, or premium, to par.

Each series or tranche of notes may be issued in various amounts and tenors, and may bear interest at fixed, floating, variable or hybrid rates or may not bear interest. The Trust needs to observe certain financial covenants.

The notes and coupons of all series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Trust ranking pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations of the Trust.

The total facility drawn down as at 31 December 2014 under the Programme was $100,000,000 (2013: $100,000,000). It will mature on 22 May 2018 and bears a fixed interest rate of 4.125% (2013: 4.125%) per annum payable semi-annually in arrears. The effective interest rate per annum is 4.40% (2013: 4.40%).

The carrying amount and fair value (Level 1) of the non-current fixed-rate notes are as follows:

	Carrying amounts		Fair values	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group and Trust				
Fixed rate notes (non-current)	99,137	98,902	101,250	100,550

21. Trade and other payables, current

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	109	56	63	55
Related parties (Note 3)	1,956	1,804	1,956	1,804
Subtotal	2,065	1,860	2,019	1,859
Other payables:				
Subsidiary (Note 3)	–	–	23,872	21,452
Related party (Note 3)	22	22	–	–
Other payables	18,342	28,127	3,096	2,541
Subtotal	18,364	28,149	26,968	23,993
Total trade and other payables	20,429	30,009	28,987	25,852

In 2014, included in the Group's other payables, was a $6.0 million payable for the acquisition of Siloam Sriwijaya (Note 18).

In 2013, included in the Group's other payables as at end of the financial year, were mainly taxes payable to the vendors upon receipt of refunds from the tax authority.

22. Other liabilities, current

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deferred income	18,203	16,344	75	73
Security deposits	2,680	1,963	2,680	1,963
	20,883	18,307	2,755	2,036

23. Financial information by operating segments

Information about reportable segment profit or loss and assets

Disclosure of information about operating segments is made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

The Group is engaged in a single business of investing in investment properties in the healthcare and/or healthcare-related sector. During the reporting year the Group had three reportable operating segments: Indonesian operations, Singapore operations and South Korean operations. For management purposes the Group is organised into one major strategic operating segment that offers all the investment properties for healthcare and/or healthcare-related purposes.

23. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations). The liabilities are not analysed as the largest amount, namely the borrowings, are centrally managed.

There are no significant inter-segment transactions. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement is to evaluate the properties based on their returns and yields.

	Indonesia 2014 $'000	Singapore 2014 $'000	South Korea 2014 $'000	Total 2014 $'000
Profit or loss reconciliation				
Gross revenue	88,840	3,615	800	93,255
Impairment allowance on trade receivables	–	–	(546)	(546)
Net property income	88,318	3,392	163	91,873
Interest income	42	157	–	199
Manager's management fees				(9,138)
Trustee fees				(341)
Finance costs				(15,217)
Other expenses				(1,864)
Net income before the undernoted				65,512
Increase/(decrease) in fair values of investment properties	47,793	(619)	–	47,174
Total return before income tax				112,686
Income tax (expense)/benefit	(22,107)	105	(81)	(22,083)
Total return after income tax				90,603
Assets				
Segment assets including properties	1,136,609	67,045	8,731	1,212,385
Total assets				1,212,385

23. Financial information by operating segments (continued)

Information about reportable segment profit or loss and assets (continued)

	Indonesia 2013 $'000	Singapore 2013 $'000	South Korea 2013 $'000	Total 2013 $'000
Profit or loss reconciliation				
Gross revenue	77,821	3,458	2,001	83,280
Impairment allowance on trade receivables	–	–	(2,150)	(2,150)
Net property income/(expense)	77,291	3,214	(297)	80,208
Interest income	58	105	–	163
Manager's management fees				(7,977)
Trustee fees				(299)
Finance costs				(12,373)
Other expenses				(1,692)
Net income before the undernoted				58,030
Increase/(decrease) in fair values of investment properties	67,484	678	(6,828)	61,334
Total return before income tax				119,364
Income tax expense	(1,399)	(115)	(18)	(1,532)
Total return after income tax				117,832
Assets				
Segment assets including properties	1,034,620	65,332	8,581	1,108,533
Total assets				1,108,533

Revenues are attributed to countries on the basis of the location of the investment properties. The non-current assets are analysed by the geographical area in which the assets are located (see the statements of portfolio for the carrying value of these assets).

Revenue from the Group's top one customer in Indonesia amounted to $86,809,000 (2013: $77,821,000).

24. Financial instruments: information on financial risks

24A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	28,230	29,331	26,708	25,091
Loans and receivables	8,988	24,702	65,420	69,341
At end of year	37,218	54,033	92,128	94,432
Financial liabilities:				
Borrowings at amortised cost	396,575	353,798	396,575	353,798
Trade and other payables at amortised cost	20,429	30,009	28,987	25,852
At end of year	417,004	383,807	425,562	379,650

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

24B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following good market practices.

The chief financial officer of the Manager who monitors the procedures reports to the management of the Manager.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

24. Financial instruments: information on financial risks (continued)

24C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets and other financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any commitments on borrowings at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is a significant concentration of credit risk, as the exposure is spread over a small number of counter-parties and customers as disclosed in Note 23 on financial information by operating segments.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
1 to 90 days overdue	572	398	428	271
91 to 180 days overdue	151	–	151	–
	723	398	579	271

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables:				
1 to 90 days overdue	–	224	–	–
91 to 180 days overdue	548	591	–	–
Over 180 days overdue	2,283	1,350	–	–
	2,831	2,165	–	–

The allowance which is disclosed in the Note 14 on trade and other receivables is based on individual amounts totalling $2,831,000 (2013: $2,165,000) that are determined to be impaired at the end of the reporting year. These are not secured.

Note 17 discloses the maturity of the cash and cash equivalents balances.

Other receivables are normally with no fixed terms and therefore there is no maturity unless stated otherwise.

24. Financial instruments: information on financial risks (continued)

24D. Liquidity risk

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) where it relates to a variable amount payable, the amount is determined by taking reference to that last contracted rate:

2014:	Borrowings $'000	Trade and other payables $'000	Total $'000
Group			
Less than 1 year	38,889	20,429	59,318
Between 1 – 5 years	406,567	–	406,567
At end of year	445,456	20,429	465,885
Trust			
Less than 1 year	38,889	28,987	67,876
Between 1 – 5 years	406,567	–	406,567
At end of year	445,456	28,987	474,443

2013:	Borrowings $'000	Trade and other payables $'000	Total $'000
Group			
Less than 1 year	13,196	30,009	43,205
Between 1 – 5 years	393,524	–	393,524
At end of year	406,720	30,009	436,729
Trust			
Less than 1 year	13,196	25,852	39,048
Between 1 – 5 years	393,524	–	393,524
At end of year	406,720	25,852	432,572

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2013: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to the management to assist them in monitoring the liquidity risk.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings. The Manager is of the view that cash from operating activities will be sufficient to meet the current requirements to support ongoing operations, capital expenditures, and debt repayment obligations. The Trust's structure necessitates raising funds through debt financing and the capital markets to fund strategic acquisitions and capital expenditures. The Manager also ensures that there are sufficient funds for declared and payable distributions and any other commitments.

24. Financial instruments: information on financial risks (continued)

24D. Liquidity risk (continued)

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Bank facilities:		
Undrawn facilities	45,000	–

The undrawn facilities are available for refinancing existing loans, general corporate funding and working capital requirements of the Trust. The facilities expire in 2019.

24E. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Financial liabilities:		
Floating rates	206,846	164,515
Fixed rates	189,729	189,283
Total at the end of the year	396,575	353,798

The floating rate debt instruments are with interest rates that are re-set regularly at short notice. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group and Trust 2014 $'000	Group and Trust 2013 $'000
Financial liabilities:		
A hypothetical increase in interest rates by 50 basis points (2013: 50 basis points) with all other variables held constant, would have a decrease in pre-tax profit for the year by	(831)	(1,167)
A hypothetical decrease in interest rates by 50 basis points (2013: 50 basis points) with all other variables held constant, would have a increase in pre-tax profit for the year by	831	1,167

The analysis has been performed for fixed interest rate and floating interest rate over a year for financial instruments. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs). The impact of a change in interest rates on fixed interest rate financial instruments has not been assessed in terms of changing of their fair value.

24. Financial instruments: information on financial risks (continued)

24F. Foreign currency risk

Analysis of the significant amounts denominated in non-functional currency:

	US Dollars	
	2014	2013
	$'000	$'000
Financial liabilities:		
Borrowings	18,391	17,599

Sensitivity analysis: A hypothetical 10% (2013: 10%) strengthening in the exchange rate of the functional currency, Singapore dollar, against the US dollar, with all other variables held constant would have a favourable effect on post-tax profit of $1,839,000. For similar rate weakening of the functional currency against the relevant foreign currency above, there would be comparable impact in the opposite direction on the profit or loss.

25. Operating lease income commitments

At the end of the reporting year, the total of future minimum lease receivables from related and non-related parties under non-cancellable operating leases is as follows:

	Group		Trust	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Not later than one year	100,268	91,194	3,701	3,628
Later than one year and not later than five years	397,480	362,871	11,035	12,443
More than five years	549,808	563,284	15,458	17,751

The rental income for the year is disclosed in Note 4.

The Group has entered into commercial property leases for healthcare and/or healthcare related buildings. The non-cancellable leases have remaining non-cancellable lease terms and the tenants' options for renewals as disclosed in the statements of portfolio.

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, which rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter subject to a floor of zero percentage and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee's gross revenue in the preceding calendar year. No contingent rent is included in the above amounts.

One of the tenants in Singapore also provided a bank guarantee in lieu of the security deposits of $Nil (2013: $1,248,000) for rental income from one of the Singapore properties. Also see Note 3.

26. Events after the end of the reporting year

On 5 January 2015, a total of 4,805,000 new units were issued at the issue price of $1.2488 per unit as part of the purchase consideration for the acquisition of Siloam Sriwijaya. These units will not be entitled to participate in the distribution of any distributable income accrued prior to 31 March 2015.

26. Events after the end of the reporting year (continued)

On 15 January 2015, a final distribution of 2.04 cents per unit was declared totalling $14,963,000 in respect of the period from 1 October 2014 to 31 December 2014.

On 15 January 2015, a total of 1,565,000 new units were issued at the issue price of $1.2385 per unit as payment to the Manager for management fees for the quarter ended 31 December 2014. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

On 6 February 2015, the Trust entered into a novation agreement with the original and new tenant, namely First Lentor Residence Pte. Ltd. and The Lentor Residence Pte. Ltd. respectively to novate the existing lease of The Lentor Residence to the new tenant for 10 years with effect from 8 February 2015, at the same rental rate.

27. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

28. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions (*)	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment FRS 103 Business Combinations FRS 108 Operating Segments FRS 113 Fair Value Measurement FRS 16 Property, Plant and Equipment (*) FRS 24 Related Party Disclosures FRS 38 Intangible Assets (*)	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations FRS 113 Fair Value Measurement FRS 40 Investment Property	1 Jul 2014
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (*)	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016

(*) Not relevant to the entity.

29. Listing of investments in subsidiaries

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	$'000	$'000	%	%
Held by the Trust				
Gold Capital Pte. Ltd. [b] Singapore Investment holding	100,556	100,556	100	100
GOT Pte. Ltd. [b] Singapore Investment holding	88,044	88,818	100	100
Henley Investments Pte. Ltd. [b] Singapore Investment holding	45,580	46,209	100	100
Kalmore Investments Pte. Ltd. [b] Singapore Investment holding	7,966	7,966	100	100
Lovage International Pte. Ltd. [b] Singapore Investment holding	17,469	17,930	100	100
Platinum Strategic Investments Pte. Ltd. [b] Singapore Investment holding	30,544	31,857	100	100
Primerich Investments Pte. Ltd. [b] Singapore Investment holding	15,101	15,307	100	100
Raglan Investments Pte. Ltd. [b] Singapore Investment holding	55,816	58,039	100	100
Rhuddlan Investments Pte. Ltd. [b] Singapore Investment holding	82,264	83,714	100	100
Globalink Investments Pte. Ltd. [b] Singapore Investment holding	93,005	96,654	100	100
Great Capital Pte. Ltd. [b] Singapore Investment holding	89,341	92,671	100	100

29. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	$'000	$'000	%	%
Held by the Trust (continued)				
Finura Investments Pte. Ltd. [a] Singapore Investment holding (Acquired on 12 March 2014)	31,243	–	100	–
Sriwijaya Investment I Pte. Ltd. [c] Singapore Investment holding (Incorporated on 23 October 2014)	34,060	–	100	–
IAHCC Investment Pte. Ltd. [c] Singapore Investment holding (Incorporated on 7 October 2014)	1*	–	100	–
Surabaya Hospitals Investments Pte. Ltd. [c] Singapore Investment holding (Incorporated on 7 October 2014)	1*	–	100	–
	690,989	639,721		
Held by subsidiaries				
Higrade Capital Pte. Ltd. [a] Singapore Investment holding	853	853	100	100
Ultra Investments Pte. Ltd. [a] Singapore Investment holding	321	321	100	100
Carmathen Investments Pte. Ltd. [a] Singapore Investment holding	1,033	1,033	100	100
Caernarfon Investments Pte. Ltd. [a] Singapore Investment holding	1,324	1,324	100	100
Fortuna Capital Pte. Ltd. [a] Singapore Investment holding	22	22	100	100

29. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	$'000	$'000	%	%
Held by subsidiaries (continued)				
Key Capital Pte. Ltd. [b] Singapore Investment holding	3,826	3,826	100	100
Glamis Investments Pte. Ltd. [b] Singapore Investment holding (Acquired on 12 March 2014)	1,377	–	100	–
Sriwijaya Investment II Pte. Ltd. [c] Singapore Investment holding (Incorporated on 23 October 2014)	1,722	–	100	–
Kalmore (Korea) Limited [a] South Korea Owners of Sarang Hospital	4,110	4,110	100	100
PT Bayutama Sukses [a] Indonesia Owners of Siloam Hospitals Makassar	6,356	6,356	100	100
PT Graha Indah Pratama [a] Indonesia Owners of Siloam Hospitals Kebon Jeruk	10,333	10,333	100	100
PT Graha Pilar Sejahtera [a] Indonesia Owners of Siloam Hospitals Lippo Cikarang	8,306	8,306	100	100
PT Karya Sentra Sejahtera [a] Indonesia Owners of Imperial Aryaduta Hotel & Country Club	20,019	20,019	100	100
PT Menara Abadi Megah [a] Indonesia Owners of Siloam Hospitals Manado & Hotel Aryaduta Manado	5,500	5,500	100	100
PT Primatama Cemerlang [a] Indonesia Owners of Mochtar Riady Comprehensive Cancer Centre	17,065	17,065	100	100

29. Listing of investments in subsidiaries (continued)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Carrying Value of Investments		Effective Percentage of Equity Interest	
	2014	2013	2014	2013
	$'000	$'000	%	%
Held by subsidiaries (continued)				
PT Sentra Dinamika Perkasa [a] Indonesia Owners of Siloam Hospitals Lippo Village	8,779	8,779	100	100
PT Tata Prima Indah [a] Indonesia Owners of Siloam Hospitals Surabaya	8,013	8,013	100	100
PT Dasa Graha Jaya [a] Indonesia Owners of Siloam Hospitals Bali	16,553	16,553	100	100
PT Perisai Dunia Sejahtera [a] Indonesia Owners of Siloam Hospitals TB Simatupang	15,305	15,305	100	100
PT Eka Dasa Parinama [a] Indonesia Owners of Siloam Hospitals Purwakarta (Incorporated on 18 March 2014)	5,509	–	100	–
PT Sriwijaya Mega Abadi [a] Indonesia Owners of Siloam Sriwijaya (Incorporated on 20 November 2014)	6,887	–	100	–

(a) Audited by RSM AAJ Associates in Indonesia and Shinhan Accounting Corporation in South Korea, member firms of RSM International of which RSM Chio Lim LLP is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

(c) Not audited for the financial year ending 31 December 2014.

* Amount is less than $1,000

The investments include investments in redeemable preference shares that are redeemable at the option of the Singapore subsidiaries.

UNAUDITED FINANCIAL STATEMENTS OF FIRST REAL ESTATE INVESTMENT TRUST AND ITS SUBSIDIARIES FOR THE THREE MONTHS ENDED 31 MARCH 2015

The information in this Appendix IV has been extracted and reproduced from the unaudited financial statements of the Group for the three months ended 31 March 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

FIRST REIT
ASIA'S PREMIER HEALTHCARE TRUST

FIRST REAL ESTATE INVESTMENT TRUST
2015 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006.

First REIT is Singapore's first healthcare real estate investment trust that aims to invest in a diversified portfolio of income-producing real estate and / or real estate-related assets in Asia that are primarily used for healthcare and / or healthcare-related purposes.

Managed by Bowsprit Capital Corporation Limited, First REIT's portfolio consists of sixteen properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Pacific Healthcare Nursing Home @ Bukit Merah, 14) Pacific Healthcare Nursing Home II @ Bukit Panjang, 15) The Lentor Residence and 16) Sarang Hospital.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd. In South Korea, the Sarang Hospital is operated by a private doctor.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

Summary of First REIT's results

	Group		
	1Q 2015	1Q 2014	Change
	S$'000	S$'000	%
Gross Revenue	24,743	22,468	10.1%
Net Property Income	24,246	22,173	9.3%
Distributable Amount	15,252	14,195	7.4%
Distribution per unit (cts)	2.06	1.99	3.5%
Annualised Distribution per unit (cts)	8.35	8.05[1]	3.7%

Note:

1) Actual distribution paid for FY 2014.

Distribution Details

Distribution	1 January 2015 to 31 March 2015
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.06 cents per unit (a) Taxable income distribution - 0.08 cents per unit (b) Tax-exempt income distribution - 1.28 cents per unit (c) Capital distribution - 0.70 cents per unit
Book closure date	22 April 2015 at 5.00 pm
Ex-dividend date	20 April 2015 at 9.00 am
Payment date	29 May 2015

Distribution Reinvestment Plan ("DRP")

The DRP will apply to the above distribution. The Manager will announce the pricing of the DRP units to be issued which will be based on the market price less a discount of 3% (similar to previous DRPs) on 22 April 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Limited ("CDP"), 9 North Buona Vista Drive #01-19/20 The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

1(a)(i) Statement of Comprehensive Income

	Group		
	1Q 2015	1Q 2014	Change
	S$'000	S$'000	%
Gross revenue	**24,743**	**22,468**	**10.1%**
Property operating expenses*	(497)	(295)	68.5%
Net property income	**24,246**	**22,173**	**9.3%**
Interest income	44	48	(8.3%)
Manager's management fees	(2,403)	(2,204)	9.0%
Trustee fees	(93)	(82)	13.4%
Finance costs	(3,974)	(3,530)	12.6%
Other expenses#	(1,032)	(104)	NM
Net income before the undernoted	**16,788**	**16,301**	**3.0%**
Net change in fair value of derivative financial instruments^	562	-	NM
Total return for the period before income tax	**17,350**	**16,301**	**6.4%**
Income tax expense	(3,960)	(3,715)	6.6%
Total return for the period after income tax	**13,390**	**12,586**	**6.4%**
Other comprehensive income:			
Exchange differences on translating foreign operations, net of tax	346	(25)	NM
Total comprehensive income for the period	**13,736**	**12,561**	**9.4%**

Note:
NM - Not meaningful

The result for 1Q 2015 includes the full quarter contribution from Siloam Sriwijaya ("SS") which was acquired in December 2014.

* Property operating expenses for 1Q 2015 increased to S$0.5 million compared to 1Q 2014 mainly due to higher expenses incurred for Sarang Hospital, property tax and building audit fees.

Other expenses for 1Q 2015 increased to S$1.0 million compared to 1Q 2014 mainly due to unrealised exchange losses on USD loan.

^ Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

1(a)(ii) Statement of Distribution

	Group		
	1Q 2015	1Q 2014	Change
	S$'000	S$'000	%
Total return for the period after income tax	13,390	12,586	6.4%
Adjustments for tax purposes:			
- Manager's management fees settled in units	1,685	1,645	2.4%
- Foreign exchange adjustment loss/(gain)	749	(54)	NM
- Net change in fair value of derivative financial instruments	(562)	-	NM
- Others	(10)	18	NM
Total available for distribution to Unitholders	**15,252**	**14,195**	**7.4%**
Unitholders' distribution:			
- as distributions from operations	10,088	9,701	4.0%
- as distribution of Unitholders' capital contribution	5,164	4,494	14.9%
Distribution amount to Unitholders	**15,252**	**14,195**	**7.4%**

Note :

NM – Not meaningful

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Mar 2015	31 Dec 2014	31 Mar 2015	31 Dec 2014
		S$'000	S$'000	S$'000	S$'000
Assets					
Non-current Assets					
Investment properties		1,172,402	1,172,015	38,748	38,700
Investments in subsidiaries		-	-	692,859	690,989
Loan receivable, non-current		-	-	57,752	58,785
Deferred tax assets		595	595	595	595
Derivative financial instruments		569	-	569	-
Total non-current assets		1,173,566	1,172,610	790,523	789,069
Current Assets					
Trade and other receivables, current		10,319	8,988	2,012	2,444
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,420	2,557	268	178
Cash and cash equivalents		31,865	28,230	28,966	26,708
Total current assets		44,604	39,775	35,437	33,521
Total Assets		**1,218,170**	**1,212,385**	**825,960**	**822,590**
Unitholders' Funds and Liabilities					
Unitholders' Funds					
Issued equity	1	430,377	423,792	430,377	423,792
Retained earnings/(Accumulated losses)		323,555	320,207	(31,350)	(29,519)
Foreign exchange reserve		1,297	951	-	-
Total Unitholders' Funds		**755,229**	**744,950**	**399,027**	**394,273**
Non-current Liabilities					
Deferred tax liabilities		29,103	29,103	-	-
Other financial liabilities, non-current		371,141	370,090	371,141	370,090
Derivative financial instruments		7	-	7	-
Total non-current liabilities		400,251	399,193	371,148	370,090
Current Liabilities					
Income tax payable		1,670	445	-	-
Trade and other payable, current	2	13,998	20,429	27,274	28,987
Other financial liabilities, current		26,500	26,485	26,500	26,485
Other liabilities, current		20,522	20,883	2,011	2,755
Total current liabilities		62,690	68,242	55,785	58,227
Total Liabilities		**462,941**	**467,435**	**426,933**	**428,317**
Total Unitholders' Funds and Liabilities		**1,218,170**	**1,212,385**	**825,960**	**822,590**

Note:

1) Issued equity increased from S$423.8 million to S$430.4 million mainly due to issuance of units for payment of balance purchase consideration for the acquisition of Siloam Sriwijaya in January 2015 and manager's management fees paid in units.

2) Trade and other payables, current decreased from S$20.4 million to S$14.0 million mainly due to payment of balance purchase consideration of SS to vendor.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	31 Mar 2015	**31 Dec 2014**	**31 Mar 2014**	**31 Dec 2014**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Amount repayable after one year				
Secured	275,542	274,794	275,542	274,794
Unsecured	100,000	100,000	100,000	100,000
Less: Transaction costs	(4,401)	(4,704)	(4,401)	(4,704)
Total Borrowings, Non-current	**371,141**	**370,090**	**371,141**	**370,090**
Amount repayable within one year				
Secured	-	-	-	-
Unsecured	26,500	26,500	26,500	26,500
Less: Transaction costs	-	(15)	-	(15)
Total Borrowings, Current	**26,500**	**26,485**	**26,500**	**26,485**

Details of Collaterals

As security for the borrowings, the following have been granted in favour of the lenders :

(a) a mortgage over all the investment properties except Sarang Hospital, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Siloam Hospitals Purwakarta and Siloam Sriwijaya.

(b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Henley Investments Pte Ltd, Primerich Investments Pte Ltd, Finura Investments Pte Ltd, Glamis Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, IAHCC Investment Pte Ltd and Surabaya Hospitals Investment Pte Ltd.

Interest Rate Swaps

First REIT has entered into interest rate swaps to hedge the floating rate loan facilities with banks. The change in fair value of the interest rate swaps were recognised in the Statement of Total Return.

1(c) Statement of Cash Flows

	Note	Group 1Q 2015 S$'000	Group 1Q 2014 S$'000
Cash flows from operating activities			
Total return before income tax		17,350	16,301
Interest income		(44)	(48)
Interest expense		3,645	3,258
Amortisation of borrowing costs		329	272
Foreign exchange adjustment loss/(gain)		749	(54)
Net change in fair value on derivative financial instruments		(562)	-
Manager's management fees settled in units		1,685	1,645
Operating cash flows before changes in working capital		**23,152**	**21,374**
Trade and other receivables, current		(1,891)	6,618
Other assets, current		138	(857)
Trade and other payables, current		(1,217)	(6,976)
Other liabilities		(362)	327
Net cash flows from operating activities before income tax		**19,820**	**20,486**
Income taxes paid		(2,173)	(3,680)
Net cash flows from operating activities		**17,647**	**16,806**
Cash flows from investing activities			
Interest received		41	51
Increase in investment properties		(48)	(77)
Net cash flows used in investing activities		**(7)**	**(26)**
Cash flows from financing activities			
Interest paid		(2,610)	(2,462)
Repayment of borrowings	1	-	(3,300)
Distribution to Unitholders	2	(11,395)	(10,515)
Net cash flows used in financing activities		**(14,005)**	**(16,277)**
Net increase in cash and cash equivalents		**3,635**	**503**
Cash and cash equivalents at beginning of the period		**28,230**	**29,331**
Cash and cash equivalents at end of the period		**31,865**	**29,834**

Note:

1) The source of funds for this repayment of borrowings in 1Q 2014 is the cash retained from the DRP.

2) The distribution paid in 1Q 2015 relates to cash distribution paid excludes the units issued as part payment of distributions, pursuant to the DRP. The Trust has issued 2,805,806 new units amounting to approximately S$3.6 million for the distribution for the period from 1 October 2014 to 31 December 2014.

1(d)(i) Statements of Changes in Unitholders' Funds

	Group		Trust	
	1Q 2015	1Q 2014	1Q 2015	1Q 2014
	S$'000	S$'000	S$'000	S$'000
Balance at beginning of the financial period	744,950	682,899	394,273	392,173
Operations				
Total return after tax	13,390	12,586	8,211	8,107
Translation transactions				
Net movement in foreign exchange reserve	346	(25)	-	-
Unitholders' transactions				
Manager's management fees paid in units	1,938	1,682	1,938	1,682
Purchase consideration paid in units	6,000	-	6,000	-
Issuance of units (DRP)	3,560	3,436	3,560	3,436
Distribution to Unitholders	(14,955)	(13,951)	(14,955)	(13,951)
Balance at end of the financial period	755,229	686,627	399,027	391,447

1(d)(ii) Details of any changes in the issued and issuable units

	Trust	
	1Q 2015	1Q 2014
Balance at beginning of period	**731,702,488**	**706,629,453**
Unitholders transactions:		
- Manager's management fees paid in units	1,565,297	1,612,847
- Purchase consideration paid in units	4,804,612	-
- Issuance of new units (DRP)	2,805,806	3,381,100
Balance at end of period	**740,878,203**	**711,623,400**
New units to be issued		
- Manager's management fees payable in units	1,232,838	1,542,442
Total issued and issuable units	**742,111,041**	**713,165,842**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year

	Trust	
	31 Mar 2015	31 Dec 2014
Issued units at end of period	**740,878,203**	**731,702,488**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2014.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable.

6. Earnings per unit ("EPU") and available distribution per unit ("DPU") for the financial period

	Group	
	1Q 2015	**1Q 2014**
Earnings per unit		
Weighted average number of units in issue	738,644,164	709,157,741
Earnings per unit in cents		
Basic and fully diluted basis	1.81	1.77
Distribution per unit		
Number of units in issue	740,878,203	711,623,400
Distribution per unit in cents		
Based on the number of units in issue at the end of the period	2.06	1.99

7. Net asset value ("NAV") per unit at the end of the period

	Group		Trust	
	31 Mar 2015	**31 Dec 2014**	**31 Mar 2015**	**31 Dec 2014**
Net asset value per unit (cents)	101.94	101.81	53.86	53.88

8. Review of the performance

1Q 2015 vs 1Q 2014

The result for this quarter includes the full quarter contribution from First REIT's latest property, Siloam Sriwijaya ("SS") which was acquired in December 2014.

Gross revenue for 1Q 2015 increased by 10.1% to S$24.7 million compared to 1Q 2014, mainly due to the contribution from SS.

Property operating expenses for 1Q 2015 increased by 68.5% to S$497,000 compared to 1Q 2014, mainly due to the higher expenses incurred for Sarang Hospital, property tax and building audit fees.

Interest income for 1Q 2015 decreased by 8.3% to S$44,000 compared to 1Q 2014, mainly due to lower fixed deposits amounts.

Manager's management fees for 1Q 2015 increased by 9.0% to S$2.4 million compared to 1Q 2014, mainly due to higher net property income and total assets.

Trustee fees for 1Q 2015 increased by 13.4% to S$93,000 compared to 1Q 2014, mainly due to higher total assets.

Finance costs for 1Q 2015 increased by 12.6% to S$4.0 million compared to 1Q 2014, mainly due to the higher loan amounts to part finance the acquisition of SS.

Other expenses for 1Q 2015 increased to S$1.0 million as compared to 1Q 2014, mainly due to higher unrealised exchange losses on USD loan.

Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

Income tax for 1Q 2015 increased by 6.6% to S$4.0 million compared to 1Q 2014, mainly due to the higher rental income.

9. Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

First REIT has not disclosed any forecast to the market.

The results for this quarter is in line with the commentary made in paragraph 10 of the previous quarter.

10. **Commentary on the competitive conditions of the industry**

First REIT will continue to look at Indonesia as its key focal market for growth. The country's healthcare market remains robust and the implementation of its universal healthcare scheme, introduced in January 2014, has been one of the major drivers as part of the initiatives by the new government elected in 2014. The expectation is higher patient volumes. Also, the growing middle-class and the younger Indonesia consumers will be seeking for better quality and faster services in private medical facilities.

The Trust currently owns 11 of the Siloam hospitals in Indonesia, operated by PT Siloam Hospitals Tbk., Indonesia's most progressive and innovative healthcare provider and a subsidiary of PT Lippo Karawaci Tbk. ("Lippo Karawaci"), First REIT's sponsor. Lippo Karawaci has been actively strengthening its footprint across Indonesia with a healthy pipeline of 30 high-quality hospitals, representing strong acquisition opportunities for the Trust. Aside from Indonesia, First REIT will also continue to look for yield-accretive healthcare assets to acquire in Singapore and other parts of Asia.

To optimise the values of existing properties, the Trust has also identified three properties in Indonesia for potential asset enhancement initiatives over the next few years. These are Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club, with Siloam Hospitals Surabaya likely to be the first initiative.

11. Distributions

11(a) Current financial period

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2015 to 31 March 2015

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.28
Capital	0.70
Total	2.06

The DRP applies to the above distribution. The Manager will announce the pricing of the DRP units to be issued which will be based on the market price less a discount of 3% (similar to previous DRPs) on 22 April 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Ltd ("CDP"), 9 Buona Vista Drive, #01-19/20, The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

Tax Rate:

Taxable Income Distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution
Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution
Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

11. Distributions(Cont'd)

11(b) Corresponding period of the immediately preceding period

Any distributions declared for the corresponding period of the immediate preceding period? Yes

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2014 to 31 March 2014

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.28
Capital	0.63
Total	1.99

Tax Rate:

Taxable Income Distribution
Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution
Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution
Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

11(c) Book closure date: The Transfer Books and Register of Unitholders of First Real Estate Investment Trust will be closed at 5.00p.m. on 22 April 2015 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 20 April 2015 at 9.00am.

11(d) Date Payable: 29 May 2015

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. If no IPT mandate has been obtained, a statement to that effect

First REIT has not obtained a general mandate from unitholders.

14. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the quarter ended 31 March 2015:

1) First REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period before distribution for the purpose of this certification). The excess is attributed to capital receipts comprising amounts received by First REIT from the redemption of redeemable preference shares in the Singapore special purpose companies ("SPCs") and the shareholder loan repayment by the Singapore SPC.

2) The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, First REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of First REIT for the quarter ended 31 March 2015 and is verified by our external tax consultant.

First REIT's current distribution policy is to distribute at least 90.0% of its tax-exempt income (after deduction of applicable expenses) and capital receipts.

15. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

The Board of Directors of Bowsprit Capital Corporation Limited do hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD OF
BOWSPRIT CAPITAL CORPORATION LIMITED
(AS MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST)

Dr Ronnie Tan Keh Poo @ Tan Kay Poo
Chief Executive Officer
14 April 2015