

**Issuer:** Bowsprit Capital Corporation Limited

**Security:** First Real Estate Investment Trust

**Meeting details:**

Date: 18 April 2017

Time: 09:30H

Venue: Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867

**Company Description**

First Real Estate Investment Trust is a real estate investment trust externally managed by Bowsprit Capital Corporation Limited. It invests in the real estate markets of Asia including Indonesia, Singapore, China, Malaysia, Thailand, and Hong Kong. The fund seeks to invest in the diversified portfolio of real estate related assets operating healthcare and/or healthcare-related purposes. First Real Estate Investment Trust was formed on October 19, 2006 and is domiciled in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=AW9U](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AW9U))

**Q1.** The proposed joint acquisition of an integrated development, comprising a hospital and a retail mall, in Yogyakarta, Indonesia, was mutually terminated in January 2017 (page 11 of the annual report - CEO's Message). It was also disclosed that "both parties intend to continue with the transaction on mutually agreeable terms upon approval of all relevant licenses (expected to be in the later part of 2017) and after the asset enhancement works".

- a) **Has the REIT manager evaluated the other 42 hospitals in the Sponsor's pipeline which First REIT has the right-of-first-refusal to acquire? Which of the assets would be more attractive to the REIT at this point?**
- b) **Given that the acquisition of Siloam Hospitals Yogyakarta has been delayed, can the manager update unitholders on the timeline of its long term growth strategy?**
- c) **Has the manager re-evaluated the REIT's assets outside of Indonesia?** Currently, the REIT derives 3.5% and 0.9% of its rental income from Singapore and South Korea respectively.

**Q2.** The Monetary Authority of Singapore has revised the Property Funds Appendix of the Code on Collective Investment Schemes with effect from 1 January 2016 such that the aggregate leverage should not exceed 45% of the fund's deposited property. The REIT's debt-to-property ratio is at 31.1% (as at 31 December 2016), a decrease from the aggregate leverage of 34.0% last year (page 5 – Financial highlights).

- a) **With the change of the aggregate leverage to 45%, has the REIT manager reviewed the REIT's current capital management policy?**
- b) **Is the REIT inclined to, or in a position to, increase its aggregate leverage to a level nearer to the 45% limit set by the Property Fund Appendix?**

In the REIT's presentation to analysts, the REIT has listed available funding options including:

- a. debt (including bond, secured term loans and medium term notes); and
- b. equity (private placement, payment to vendor, perpetual securities and distribution reinvestment plan)
- c) **What is the REIT's targeted capital structure following the issue of S\$60 million of subordinated perpetual securities in 2016?**

**Q3.** Following the changes to the criteria of the definition of an "Independent Director" under the amended Securities and Futures (Licensing and Conduct of Business) Regulations (Regulation 13F), an independent director has to satisfy all of the following:

- (a) independent from any management and business relationship with the REIT manager and the REIT;*
- (b) independent from any substantial shareholder of the REIT manager and from any substantial unitholder of the REIT; and*
- (c) has not served on the Board of the REIT manager for a continuous period of nine years or longer.*

In the Corporate Governance Report (page 37), the board has acknowledged that the definition of "Independent Director" will be applicable to the Manager after the forthcoming AGM of First REIT.

- a) **Can shareholders understand the impact of the change in the definition of an "Independent director" to First REIT?**
- b) **What are the board's plans to ensure that there is a smooth transition following the amendments to the Securities and Futures (Licensing and Conduct of Business) Regulations?**
- c) **What is the search and nomination process to identify new directors?**