

**FIRST REAL ESTATE INVESTMENT TRUST  
2012 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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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 ten 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) Pacific Healthcare Nursing Home @ Bukit Merah, 8) Pacific Healthcare Nursing Home II @ Bukit Panjang, 9) The Lantor Residence and 10) Sarang Hospital.

Its hospital assets in Indonesia are operated by Siloam Hospitals Group, a division 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 and Country Club is 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 Lantor Residence is operated by First Lantor 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.

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**Summary of First REIT's Results**

	Group					
	Quarter			Year-to-date		
	3Q 2012	3Q 2011	Change	30 Sep 2012	30 Sep 2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue	14,189	13,678	3.7%	42,231	40,081	5.4%
Net Property Income	14,175	13,474	5.2%	41,945	39,663	5.8%
Distributable Amount	10,615	9,903	7.2%	30,575	29,684	3.0%
Distribution per unit (cts)	1.68	1.58	6.3%	4.86	4.74	2.5%
Annualised Distribution per unit (cts)	6.49	6.33	2.5%	6.49	6.33	2.5%
<b><u>(Including other gain)</u></b>						
Distributable Amount	10,615	12,078	(12.1%)	34,925	31,859	9.6%
Distribution per unit (cts)	1.68	1.92	(12.5%)	5.54	5.08	9.1%
Annualised Distribution per unit (cts)	7.17	7.01 <sup>1</sup>	2.3%	7.17	7.01 <sup>1</sup>	2.3%

Note:

- 1) Actual distribution paid for FY 2011 and this included the other gain distribution. The other gain distribution paid is a portion of the total on divestment of the Adam Road property.

**1(a)(i) Statement of Comprehensive Income**

	Group					
	Quarter			Year-to-date		
	3Q 2012	3Q 2011	Change	30 Sep 2012	30 Sep 2011	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Gross revenue</b>	<b>14,189</b>	<b>13,678</b>	<b>3.7%</b>	<b>42,231</b>	<b>40,081</b>	<b>5.4%</b>
Property operating expenses	(14)	(204)	(93.1%)	(286)	(418)	(31.6%)
<b>Net property income</b>	<b>14,175</b>	<b>13,474</b>	<b>5.2%</b>	<b>41,945</b>	<b>39,663</b>	<b>5.8%</b>
Interest income	37	28	32.1%	102	76	34.2%
Manager's management fees	(1,399)	(1,247)	12.2%	(4,096)	(3,900)	5.0%
Trustee fees	(50)	(48)	4.2%	(148)	(143)	3.5%
Finance costs	(892)	(1,034)	(13.7%)	(2,968)	(2,670)	11.2%
Other income/(expenses)	366	(1,254)	NM	170	(1,475)	NM
<b>Net income before the undernoted</b>	<b>12,237</b>	<b>9,919</b>	<b>23.4%</b>	<b>35,005</b>	<b>31,551</b>	<b>10.9%</b>
Gain on divestment of investment property	-	-	-	-	3,567	-
<b>Total return for the period before income tax</b>	<b>12,237</b>	<b>9,919</b>	<b>23.4%</b>	<b>35,005</b>	<b>35,118</b>	<b>(0.3%)</b>
Income tax expense	(2,291)	(2,203)	4.0%	(6,777)	(5,456)	24.2%
<b>Total return for the period after income tax</b>	<b>9,946</b>	<b>7,716</b>	<b>28.9%</b>	<b>28,228</b>	<b>29,662</b>	<b>(4.8%)</b>
<b>Other comprehensive income:</b>						
Exchange differences on translating foreign operations, net of tax	(636)	1,146	NM	(877)	1,146	NM
<b>Total comprehensive income for the period</b>	<b>9,310</b>	<b>8,862</b>	<b>5.1%</b>	<b>27,351</b>	<b>30,808</b>	<b>(11.2%)</b>

Note:

NM – Not meaningful

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**1(a)(ii) Statement of Distribution**

	<b>Group</b>					
	<b>Quarter</b>			<b>Year-to-date</b>		
	<b>3Q 2012</b>	<b>3Q 2011</b>	<b>Change</b>	<b>30 Sep 2012</b>	<b>30 Sep 2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Total return for the period after income tax	9,946	7,716	28.9%	28,228	29,662	(4.8%)
Adjustments for tax purposes:						
- Manager's management fees settled in units	1,153	998	15.5%	3,299	3,427	(3.7%)
- Deferred rental income of property under asset enhancement	-	-	-	-	172	-
- Realised revaluation gain on divestment of investment property, net of deferred tax	-	-	-	-	4,063	-
- Foreign exchange adjustment (gain)/loss	(640)	1,141	NM	(963)	1,141	NM
- Others	156	48	227.1%	212	(54)	NM
<b>Total available for distribution to Unitholders</b>	<b>10,615</b>	<b>9,903</b>	<b>7.2%</b>	<b>30,776</b>	<b>38,411</b>	<b>(19.9%)</b>
Unitholders' distribution:						
- as distribution from operations	8,545	7,897	8.2%	24,407	23,922	2.0%
- as distribution of Unitholders' capital contribution	2,070	2,006	3.2%	6,168	5,762	7.0%
- as distribution from other gain	-	2,175	-	4,350	2,175	100.0%
<b>Distributable amount to Unitholders</b>	<b>10,615</b>	<b>12,078</b>	<b>(12.1%)</b>	<b>34,925</b>	<b>31,859</b>	<b>9.6%</b>

Note:

NM – Not meaningful

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**1(b)(i) Statements of Financial Position**

	Note	Group		Trust	
		30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Assets</b>					
<b>Non-current Assets</b>					
Investment properties		619,246	617,981	38,165	36,000
Investments in subsidiaries		-	-	321,503	324,531
Loan receivable, non-current		-	-	68,219	71,356
Deferred tax assets		472	472	472	472
Total non-current assets		619,718	618,453	428,359	432,359
<b>Current Assets</b>					
Trade and other receivables, current	1	2,974	8,315	2,328	2,240
Loan receivable, current		-	-	4,191	4,191
Other assets, current		1,398	1,123	310	-
Cash and cash equivalents		22,876	32,725	18,326	25,917
Total current assets		27,248	42,163	25,155	32,348
<b>Total Assets</b>		<b>646,966</b>	<b>660,616</b>	<b>453,514</b>	<b>464,707</b>
<b>Unitholders' Funds and Liabilities</b>					
<b>Unitholders' Fund</b>					
Issued equity		341,756	344,714	341,756	344,714
Retained earnings		157,403	159,492	(5,932)	2,245
Foreign exchange reserve		216	1,093	-	-
<b>Total Unitholders' Funds</b>		<b>499,375</b>	<b>505,299</b>	<b>335,824</b>	<b>346,959</b>
<b>Non-current Liabilities</b>					
Deferred tax liabilities		30,225	30,225	-	-
Other financial liabilities, non-current		49,509	49,361	49,509	49,361
Total non-current liabilities		79,734	79,586	49,509	49,361
<b>Current Liabilities</b>					
Income tax payable		1,015	980	-	-
Trade and other payables, current	2	4,343	11,554	18,618	18,150
Other financial liabilities, current		47,689	48,430	47,689	48,430
Other liabilities, current		14,810	14,767	1,874	1,807
Total current liabilities		67,857	75,731	68,181	68,387
<b>Total Liabilities</b>		<b>147,591</b>	<b>155,317</b>	<b>117,690</b>	<b>117,748</b>
<b>Total Unitholders' Funds and Liabilities</b>		<b>646,966</b>	<b>660,616</b>	<b>453,514</b>	<b>464,707</b>

Note:

- Trade and other receivables, current has decreased to S\$3.0 million mainly due to the receipt of taxes refunded from the Indonesia tax authority payable to the vendors of SHLC (Siloam Hospitals Lippo Cikarang) and MRCCC (Mochtar Riady Comprehensive Cancer Centre).
- Trade and other payables, current has decreased to S\$4.3m mainly due to the payment of the taxes refunded from the Indonesia tax authority to the vendors of SHLC and MRCCC.

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**1(b)(ii) Borrowings and Debt Securities**

	Group		Trust	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Secured Borrowings</b>				
Amount repayable after one year	50,000	50,000	50,000	50,000
Less: Transaction costs in relation to Term Loan Facility	(491)	(639)	(491)	(639)
<b>Total Borrowings, Non-current</b>	<b>49,509</b>	<b>49,361</b>	<b>49,509</b>	<b>49,361</b>
Amount repayable within one year*	47,689	48,652	47,689	48,652
Less: Transaction costs in relation to Term Loan Facility	-	(222)	-	(222)
<b>Total Borrowings, Current</b>	<b>47,689</b>	<b>48,430</b>	<b>47,689</b>	<b>48,430</b>

Note: The Borrowings are secured against all First REIT's investment properties except Sarang Hospital.

In May 2012, First REIT has secured a S\$168 million Transferable Term Loan Facility ("TLF") from a bank. Of the four-year S\$168 million TLF, approximately S\$50 million will be used to refinance outstanding loans, with the remaining S\$118 million to be used to finance any future acquisitions.

\*The existing TLF which was due on June 2012 has been further extended to 30 November 2012 to facilitate the documentations of the above TLF.

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**1(c) Statement of Cash Flows**

	Group	
	3Q 2012	3Q 2011
	<u>Note</u>	<u>S\$'000</u>
<b>Cash flows from operating activities</b>		
Total return before income tax	12,237	9,919
Interest income	(37)	(28)
Interest expense	841	839
Amortisation of borrowing costs	51	195
Foreign exchange adjustment(gain)/loss	(640)	1,141
Manager's management fees payable/paid in units	1,153	998
<b>Operating cash flows before changes in working capital</b>	<b>13,605</b>	<b>13,064</b>
Trade and other receivables, current	(662)	(1,295)
Other assets, current	(46)	122
Trade and other payables, current	117	322
Other liabilities, current	(176)	393
<b>Net cash flows from operating activities before income tax</b>	<b>12,838</b>	<b>12,606</b>
Income taxes paid	(2,287)	(2,085)
<b>Net cash flows from operating activities</b>	<b>10,551</b>	<b>10,521</b>
<b>Cash flows from investing activities</b>		
Interest received	34	31
Increase in investment properties	1 (925)	(16,329)
<b>Net cash flows used in investing activities</b>	<b>(891)</b>	<b>(16,298)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings	1 -	17,846
Interest paid	(1,205)	(720)
Distribution to Unitholders	(12,188)	(9,897)
<b>Net cash flows (used in)/from financing activities</b>	<b>(13,393)</b>	<b>7,229</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,733)</b>	<b>1,452</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>26,609</b>	<b>31,679</b>
<b>Cash and cash equivalents at end of the period</b>	<b>22,876</b>	<b>33,131</b>

Note:

- 1) Increase in investment properties and borrowings are due to acquisition of Sarang Hospital in South Korea as the acquisition is entirely funded by loan in 3Q 2011.

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**1(c) Statement of Cash Flows (Cont'd)**

	<b>Group</b>	
	<b>30 Sep 2012</b>	<b>30 Sep 2011</b>
	<b>Note</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total return before income tax	35,005	35,118
Interest income	(102)	(76)
Interest expense	2,596	2,302
Amortisation of borrowing costs	372	368
Foreign exchange adjustment (gain)/loss	(963)	1,141
Gain on divestment of investment property	-	(3,567)
Manager's acquisition fees settled in units	-	350
Manager's management fees payable/paid in units	3,299	3,427
<b>Operating cash flows before changes in working capital</b>	<b>40,207</b>	<b>39,063</b>
Trade and other receivables, current	5,379	2,248
Other assets, current	(276)	(880)
Trade and other payables, current	(6,872)	(5,382)
Other liabilities, current	22	(353)
<b>Net cash flows from operating activities before income tax</b>	<b>38,460</b>	<b>34,696</b>
Income taxes paid	(6,742)	(6,116)
<b>Net cash flows from operating activities</b>	<b>31,718</b>	<b>28,580</b>
<b>Cash flows from investing activities</b>		
Interest received	108	70
Proceeds from disposal of investment property	1 -	33,000
Increase in investment properties	2 (2,165)	(68,939)
<b>Net cash flows used in investing activities</b>	<b>(2,057)</b>	<b>(35,869)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings	3 -	67,466
Repayment of borrowings	4 -	(27,400)
Interest paid	(3,017)	(2,049)
Distribution to Unitholders	(36,493)	(25,190)
<b>Net cash flows (used in)/from financing activities</b>	<b>(39,510)</b>	<b>12,827</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,849)</b>	<b>5,538</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>32,725</b>	<b>27,593</b>
<b>Cash and cash equivalents at end of the period</b>	<b>22,876</b>	<b>33,131</b>

Note:

- 1) The divestment of investment property came from the sale of the Adam Road property in 1Q 2011.
- 2) The increase in investment properties relates mainly to the payment of the withholding sum for acquisition of the Mochtar Riady Comprehensive Cancer Centre ("MRCCC") in 1Q 2011 and the acquisition of Sarang Hospital in South Korea in 3Q 2011.
- 3) The increase in borrowings in 2011 relates to the drawdown of loan for payment of the withholding sum for the acquisition of MRCCC in 1Q and the acquisition of Sarang Hospital in 3Q.
- 4) The repayment of borrowings came from the divestment of the Adam Road property in 1Q 2011.

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**1(d)(i) Statements of Changes in Unitholders' Funds**

	<b>Issued Equity</b>	<b>Retained Earnings</b>	<b>Foreign Exchange Reserve</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Group</u></b>				
<b>Opening balance as at 1 Jul 2012</b>	<b>342,701</b>	<b>157,562</b>	<b>852</b>	<b>501,115</b>
Total comprehensive income for the period	-	9,946	(636)	9,310
Manager's management fees settled in units	1,138	-	-	1,138
Distribution to Unitholders	(2,083)	(10,105)	-	(12,188)
<b>Closing balance as at 30 Sep 2012</b>	<b>341,756</b>	<b>157,403</b>	<b>216</b>	<b>499,375</b>
<b>Opening balance as at 1 Jul 2011</b>	<b>345,858</b>	<b>148,548</b>	<b>-</b>	<b>494,406</b>
Total comprehensive income for the period	-	7,716	1,146	8,862
Manager's management fees settled in units	1,276	-	-	1,276
Distribution to Unitholders	(1,879)	(8,018)	-	(9,897)
<b>Closing balance as at 30 Sep 2011</b>	<b>345,255</b>	<b>148,246</b>	<b>1,146</b>	<b>494,647</b>
<b><u>Trust</u></b>				
<b>Opening balance as at 1 Jul 2012</b>	<b>342,701</b>	<b>(3,734)</b>	<b>-</b>	<b>338,967</b>
Total comprehensive income for the period	-	7,907	-	7,907
Manager's management fees settled in units	1,138	-	-	1,138
Distribution to Unitholders	(2,083)	(10,105)	-	(12,188)
<b>Closing balance as at 30 Sep 2012</b>	<b>341,756</b>	<b>(5,932)</b>	<b>-</b>	<b>335,824</b>
<b>Opening balance as at 1 Jul 2011</b>	<b>345,858</b>	<b>7,930</b>	<b>-</b>	<b>353,788</b>
Total comprehensive income for the period	-	5,755	-	5,755
Manager's management fees settled in units	1,276	-	-	1,276
Distribution to Unitholders	(1,879)	(8,018)	-	(9,897)
<b>Closing balance as at 30 Sep 2011</b>	<b>345,255</b>	<b>5,667</b>	<b>-</b>	<b>350,922</b>



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**1(d)(ii) Details of any changes in the issued and issuable units**

	Trust			
	Quarter		Year-to-date	
	3Q 2012	3Q 2011	30 Sep 2012	30 Sep 2011
<b>Balance at beginning of period</b>	<b>630,266,798</b>	<b>624,765,904</b>	<b>627,680,294</b>	<b>622,195,888</b>
Unitholders transactions:				
Issuance of new units	1,261,686	1,632,914	3,848,190	4,202,930
<b>Balance at end of period</b>	<b>631,528,484</b>	<b>626,398,818</b>	<b>631,528,484</b>	<b>626,398,818</b>
New units to be issued				
- Manager's management fees payable in units	1,114,925	1,281,476	1,114,925	1,281,476
<b>Total issued and issuable units</b>	<b>632,643,409</b>	<b>627,680,294</b>	<b>632,643,409</b>	<b>627,680,294</b>

**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	
	30 Sep 2012	31 Dec 2011
	<b>Issued units at end of period/year</b>	<b>631,528,484</b>

**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 2011.

**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**

Other than the adoption of various new/revised Singapore Financial Reporting Standards ("FRS") and related Interpretations as issued by the Singapore Accounting Standards Council, which took effect from 1 January 2012, there has been no change in the accounting policies and methods of computation adopted by the Group.

The adoption of the new/revised FRS and interpretations did not have any material impact on the financial statements of the Group.

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**6. Earnings per unit (“EPU”) and available distribution per unit (“DPU”) for the financial period**

	Group			
	Quarter		Year-to-date	
	3Q 2012	3Q 2011	30 Sep 2012	30 Sep 2011
<b><u>Earnings per unit</u></b>				
Weighted average number of units in issue	631,213,063	626,026,088	629,988,062	624,489,982
<b><u>Earnings per unit in cents</u></b>				
Basic and fully diluted basis	1.58	1.23	4.48	4.75
<b><u>Distribution per unit</u></b>				
Number of units in issue	631,528,484	626,398,818	631,528,484	626,398,818
<b><u>Distribution per unit in cents</u></b>				
Based on the number of units in issue at the end of the period	1.68	1.92	5.54	5.08

**7. Net asset value (“NAV”) per unit at the end of the period**

	Group		Trust	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
<b>Net asset value per unit (cents)</b>	79.07	80.50	53.18	55.28

**8. Review of the performance**

3Q 2012 vs 3Q 2011

Gross revenue for 3Q 2012 increased by 3.7% to S\$14.2 million compared to 3Q 2011 mainly due to higher rental income from all the properties.

Property operating expenses for 3Q 2012 decreased by 93.1% to S\$14,000 compared to 3Q 2011 mainly due to the refund of property taxes for The Lantor Residence.

Interest income for 3Q 2012 increased by 32.1% to S\$37,000 compared to 3Q 2011 mainly due to higher amount of fixed deposits and interest rates.

Management fees for 3Q 2012 increased by 12.2% to S\$1.4 million as compared to 3Q 2011 mainly due to higher net property income.

Trustee fees for 3Q 2012 increased by 4.2% to S\$50,000 as compared to 3Q 2011 mainly due to higher total assets value.

Finance costs for 3Q 2012 decreased by 13.7% to S\$0.9 million compared to 3Q 2011 mainly due to lower interest rates on borrowings.

Other income for 3Q 2012 of S\$366,000 as compared to other expenses for 3Q 2011 of S\$1.3 million mainly due to unrealised exchange difference on translation of the USD loan.

Income tax for 3Q 2012 increased by 4.0% to S\$2.3 million compared to 3Q 2011 mainly due to the higher rental income.

9M 2012 vs 9M 2011

Gross revenue for 9M 2012 increased by 5.4% to S\$42.2 million compared to 9M 2011 mainly due to the contribution from the Sarang Hospital which was acquired in August 2011 as well as higher rental income from the rest of the properties.

Property operating expenses for 9M 2012 decreased by 31.6% to S\$286,000 compared to 9M 2011 mainly due to the refund of property taxes for The Lantor Residence partly offset by the expenses incurred for the Sarang Hospital.

Interest income for 9M 2012 increased by 34.2% to S\$102,000 compared to 9M 2011 mainly due to higher amount of fixed deposits and interest rates.

Management fees for 9M 2012 increased by 5.0% to S\$4.1 million as compared to 9M 2011 mainly due to higher net property income.

Trustee fees for 9M 2012 increased by 3.5% to S\$148,000 as compared to 9M 2011 mainly due to higher total assets value.

Finance costs for 9M 2012 increased by 11.2% to S\$3.0 million compared to 9M 2011 mainly due to the higher loan amounts to finance the acquisition of the Sarang Hospital and higher interest rates.

Other income for 9M 2012 of S\$170,000 as compared to other expenses for 9M 2011 of S\$1.5 million mainly due to unrealised exchange difference on translation of the USD loan.

Income tax for 9M 2012 increased by 24.2% to S\$6.8 million compared to 9M 2011 mainly due to the higher rental income in 9M 2012 and write back of provision for deferred tax as a result of the divestment of the Adam Road property in 9M 2011.

Total return after tax for 9M 2012 decreased by 4.8% to S\$28.2 million compared to 9M 2011 mainly due to the gain on divestment of the Adam Road property recognised in 1Q 2011.

Total return after tax for 9M 2012 would have increased by 12.9% compared to 9M 2011 of S\$25.0 million (excluding the gain on divestment of the Adam Road property) mainly due to contribution from the Sarang Hospital which was acquired in August 2011 and higher rental income from the rest of the properties.

**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.

**10. Commentary on the competitive conditions of the industry**

Indonesia's healthcare market continues to present many opportunities for First REIT – driven largely by the country's fast-growing middle class and its shortage of hospital beds, particularly for private hospitals of international standards.

Indonesia's healthcare expenditure on a per capita basis have been steadily rising over the last few years<sup>1</sup>, and looks likely to continue growing with the government's ongoing initiative to attain universal health coverage for its population. The country has one of the highest middle income groups in the world<sup>2</sup> which First REIT sees will inevitably lead to a continuing growth in demand for quality healthcare. The country's population of people above 60 will quadruple to 85 million in the next 12 years<sup>3</sup> and this aging population trend provides strong prospects for the healthcare industry in the country.

First REIT's sponsor, PT Lippo Karawaci Tbk (LPKR), is tapping on this immense growth potential, and has announced a strong pipeline of 17 hospital projects to date. First REIT has right of first refusal for its healthcare properties in Indonesia, and this serves as a ready pool of quality assets to review and acquire.

On 21 September 2012, First REIT entered into two conditional sale and purchase agreements for the proposed acquisition of two properties in Makassar and Manado from LPKR for a total consideration of approximately S\$142.9 million. This will boost First REIT's portfolio to span 12 properties across 3 regions, with a total asset size worth S\$782.2 million.

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<sup>1</sup> Frost and Sullivan: Overview of Jakarta Healthcare Services Market and Assessment of Specialty Hospitals in Indonesia, 2010

<sup>2</sup> The Economist: Missing BRIC in the wall 21/07/2011 (<http://www.economist.com/node/18989153>)

<sup>3</sup> Jakarta Post article: Challenging Opportunity for Ageing Population 02/07/2011 (<http://www.thejakartapost.com/news/2011/07/02/challenging-opportunity-aging-population.html>)

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The acquisition of Siloam Hospitals Manado & Hotel Aryaduta Manado, at a consideration of S\$83.6 million, will be funded by a combination of committed debt and proceeds from a proposed private placement exercise to be carried out by the Manager, whereas the purchase of the S\$59.3 million Siloam Hospitals Makassar will be financed entirely by a drawdown of committed debt.

These acquisitions not only enhance First REIT's growing portfolio of healthcare assets in the region and especially Indonesia, but also further strengthens its income streams. The increased absolute size of First REIT's asset base will enhance its overall capital management flexibility, and serve to facilitate future acquisitions.

Meanwhile, in Singapore, the Government remains strongly committed to providing quality palliative, tertiary and long-term care. The country's ageing population as well as the shortage of beds in hospitals and nursing homes will continue to provide opportunities for First REIT. Its new 5-storey extension block for The Lentor Residence, undertaken as part of its asset enhancement strategy for its properties, will be completed in fourth quarter this year.

Barring any unforeseen circumstances, the Manager does not expect any significant or adverse changes to First REIT's performance for the rest of 2012.

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**11. Distributions**

11(a) Current financial period reported on

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution (a) Distribution for the period from 1 July 2012 to 30 September 2012

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.11
Tax-Exempt Income	1.24
Capital	0.33
Total	1.68

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.

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**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 July 2011 to 30 September 2011

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.18
Capital	0.32
Other gain	0.34
Total	1.92

Note:

The other gain distribution is a portion of the total gain on divestment of the Adam Road property.

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.

Other Gain Distribution

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

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 2 November 2012 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 31 October 2012 at 9.00am.

11(d) Date Payable: 29 November 2012

**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 30 September 2012:

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 30 September 2012 and is verified by our external tax consultant.

First REIT's current distribution policy is to distribute at least 90.0% of its taxable and tax-exempt income (after deduction of applicable expenses) and certain 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  
24 October 2012