

**FIRST REAL ESTATE INVESTMENT TRUST
2014 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 fourteen 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) Pacific Healthcare Nursing Home @ Bukit Merah, 12) Pacific Healthcare Nursing Home II @ Bukit Panjang, 13) The Lentor Residence and 14) 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 First 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.

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Summary of First REIT's results

	Group		
	1Q 2014	1Q 2013	Change
	S\$'000	S\$'000	%
Gross Revenue	22,468	17,516	28.3%
Net Property Income	22,173	17,115	29.6%
Distributable Amount	14,195	11,605	22.3%
Distribution per unit (cts)	1.99	1.74	14.4%
Annualised Distribution per unit (cts)	8.07	7.52 ¹	7.3%

Note:

- 1) Actual distribution paid for FY 2013.

Distribution Details

Distribution	1 January 2014 to 31 March 2014
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 1.99 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 - 0.63 cents per unit
Book closure date	23 April 2014 at 5.00 pm
Ex-dividend date	21 April 2014 at 9.00 am
Payment date	29 May 2014

Distribution Reinvestment Plan

On 9 January 2014, First REIT announced the establishment of a distribution reinvestment plan ("DRP"), which will give Unitholders of First REIT the option to receive distributions in the form of fully-paid new units in First REIT in lieu of part only or all of the cash amount of any distribution to which the DRP applies. 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 4Q 2013 DRP) on 23 April 2014.

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.

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1(a)(i) Statement of Comprehensive Income

	Group		
	1Q 2014	1Q 2013	Change
	S\$'000	S\$'000	%
Gross revenue	22,468	17,516	28.3%
Property operating expenses	(295)	(401)	(26.4%)
Net property income	22,173	17,115	29.6%
Interest income	48	33	45.5%
Manager's management fees	(2,204)	(1,679)	31.3%
Trustee fees	(82)	(62)	32.3%
Finance costs*	(3,530)	(2,109)	67.4%
Other expenses	(104)	(463)	(77.5%)
Total return for the period before income tax	16,301	12,835	27.0%
Income tax expense	(3,715)	(2,821)	31.7%
Total return for the period after income tax	12,586	10,014	25.7%
Other comprehensive income:			
Exchange differences on translating foreign operations, net of tax	(25)	239	NM
Total comprehensive income for the period	12,561	10,253	22.5%

Note:

NM - Not meaningful

The result for 1Q 2014 includes the full quarter contribution from Siloam Hospitals Bali ("SHBL") and Siloam Hospitals TB Simatupang ("SHTS") which were acquired in May 2013.

* Finance costs for 1Q 2014 increased to S\$3.5 million compared to 1Q 2013 due to higher loans to finance the acquisition of new properties. The Trust took up loans of S\$141.6 million to part finance the acquisition of SHBL and SHTS in May 2013.

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1(a)(ii) Statement of Distribution

	Group		
	1Q 2014	1Q 2013	Change
	S\$'000	S\$'000	%
Total return for the period after income tax	12,586	10,014	25.7%
Adjustments for tax purposes:			
- Manager's management fees settled in units	1,645	1,338	22.9%
- Foreign exchange adjustment (gain)/loss	(54)	268	NM
- Others	18	(15)	NM
Total available for distribution to Unitholders	14,195	11,605	22.3%
Unitholders' distribution:			
- as distributions from operations	9,701	8,669	11.9%
- as distribution of Unitholders' capital contribution	4,494	2,936	53.1%
Distribution amount to Unitholders	14,195	11,605	22.3%

Note :

NM – Not meaningful

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1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Assets					
Non-current Assets					
Investment properties		1,052,319	1,052,266	39,177	39,100
Investments in subsidiaries		-	-	636,260	639,721
Loan receivable, non-current		-	-	61,942	62,976
Deferred tax assets		490	490	490	490
Total non-current assets		1,052,809	1,052,756	737,869	742,287
Current Assets					
Trade and other receivables, current	1	18,080	24,702	1,915	2,174
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,600	1,744	173	116
Cash and cash equivalents		29,834	29,331	26,670	25,091
Total current assets		50,514	55,777	32,949	31,572
Total Assets		1,103,323	1,108,533	770,818	773,859
Unitholders' Funds and Liabilities					
Unitholders' Funds					
Issued equity		414,624	414,109	414,624	414,109
Retained earnings/(Accumulated losses)		271,408	268,170	(23,177)	(21,936)
Foreign exchange reserve		595	620	-	-
Total Unitholders' Funds		686,627	682,899	391,447	392,173
Non-current Liabilities					
Deferred tax liabilities		21,988	21,988	-	-
Other financial liabilities, non-current	2	350,710	353,798	350,710	353,798
Total non-current liabilities		372,698	375,786	350,710	353,798
Current Liabilities					
Income tax payable		1,567	1,532	-	-
Trade and other payable, current	3	23,798	30,009	26,596	25,852
Other liabilities, current		18,633	18,307	2,065	2,036
Total current liabilities		43,998	49,848	28,661	27,888
Total Liabilities		416,696	425,634	379,371	381,686
Total Unitholders' Funds and Liabilities		1,103,323	1,108,533	770,818	773,859

Note:

- 1) Trade and other receivables, current decreased from S\$24.7 million to S\$18.1 million mainly due to the tax refunds received from the Indonesian tax authority paid to vendor of Siloam Hospitals Manado & Hotel Aryaduta Manado ("MD property") and Siloam Hospitals Makassar ("SHMK").
- 2) Other financial liabilities, non-current decreased from S\$353.8 million to S\$350.7 million mainly due to prepayment of borrowings with the cash retained from the Distribution Reinvestment Plan ("DRP").

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- 3) Trade and other payables, current decreased from S\$30.0 million to S\$23.8 million mainly due to payment to vendor of MD property and SHMK for the tax refunds received from the Indonesian tax authority.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year				
Secured	254,487	257,842	254,487	257,842
Unsecured	100,000	100,000	100,000	100,000
Less: Transaction costs in relation to Term Loan Facility/Notes	(3,777)	(4,044)	(3,777)	(4,044)
Total Borrowings, Non-current	350,710	353,798	350,710	353,798
Amount repayable within one year				
Secured	-	-	-	-
Unsecured	-	-	-	-
Less: Transaction costs in relation to Term Loan Facility/Notes	-	-	-	-
Total Borrowings, Current	-	-	-	-

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 Bali and Siloam Hospitals TB Simatupang.
- (b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Globalink Investments Pte Ltd, Fortuna Capital Pte Ltd, Great Capital Pte Ltd and Key Capital Pte Ltd.

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1(c) Statement of Cash Flows

	Group	
	1Q 2014	1Q 2013
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	16,301	12,835
Interest income	(48)	(33)
Interest expense	3,258	1,917
Amortisation of borrowing costs	272	191
Foreign exchange adjustment (gain)/loss	(54)	268
Manager's management fees settled in units	1,645	1,338
Operating cash flows before changes in working capital	21,374	16,516
Trade and other receivables, current	6,618	1,751
Other assets, current	(857)	(139)
Trade and other payables, current	(6,976)	(1,539)
Other liabilities	327	(1,117)
Net cash flows from operating activities before income tax	20,486	15,472
Income taxes paid	(3,680)	(2,742)
Net cash flows from operating activities	16,806	12,730
Cash flows from investing activities		
Interest received	51	39
Increase in investment properties	(77)	-
Net cash flows (used in)/from investing activities	(26)	39
Cash flows from financing activities		
Interest paid	(2,462)	(1,922)
Repayment of borrowings	1 (3,300)	-
Distribution to Unitholders	2 (10,515)	(4,663)
Net cash flows used in financing activities	(16,277)	(6,585)
Net increase in cash and cash equivalents	503	6,184
Cash and cash equivalents at beginning of the period	29,331	20,497
Cash and cash equivalents at end of the period	29,834	26,681

Note:

- 1) The source of funds for this repayment of borrowings is the cash retained from the DRP.
- 2) The decrease in distribution paid in 1Q 2013 is mainly due to advance distribution for the period from 1 October 2012 to 25 November 2012 being paid earlier in December 2012.

The distribution paid in 1Q 2014 relates to cash distribution paid excludes the units issued as part payment of distributions, pursuant to the DRP. The Trust has issued 3,381,100 new units amounting to approximately S\$3.4 million for the distribution for the period from 1 October 2013 to 31 December 2013.

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

	Group		Trust	
	1Q 2014	1Q 2013	1Q 2014	1Q 2013
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	682,899	550,074	392,173	356,102
<u>Operations</u>				
Total return after tax	12,586	10,014	8,107	7,060
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(25)	239	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	1,682	1,267	1,682	1,267
Issuance of units (DRP)	3,436	-	3,436	-
Distribution to Unitholders	(13,951)	(4,663)	(13,951)	(4,663)
Balance at end of the financial period	686,627	556,931	391,447	359,766

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

	Trust	
	1Q 2014	1Q 2013
Balance at beginning of period	706,629,453	664,948,936
Unitholders transactions:		
- Manager's management fees paid in units	1,612,847	1,203,996
- Issuance of new units (DRP)	3,381,100	-
Balance at end of period	711,623,400	666,152,932
New units to be issued		
- Manager's management fees payable in units	1,542,442	1,116,705
Total issued and issuable units	713,165,842	667,269,637

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 2014	31 Dec 2013
Issued units at end of period	711,623,400	706,629,453

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.

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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 2013.

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 2014	1Q 2013
<u>Earnings per unit</u>		
Weighted average number of units in issue	709,157,741	665,858,622
<u>Earnings per unit in cents</u>		
Basic and fully diluted basis	1.77	1.50
<u>Distribution per unit</u>		
Number of units in issue	711,623,400	666,152,932
<u>Distribution per unit in cents</u>		
Based on the number of units in issue at the end of the period	1.99	1.74

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

	Group		Trust	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
Net asset value per unit (cents)	96.49	96.64	55.01	55.50

8. **Review of the performance**

1Q 2014 vs 1Q 2013

The result for this quarter includes the full quarter contribution from two of First REIT’s latest properties (i.e. Siloam Hospitals Bali (“SHBL”) and Siloam Hospitals TB Simatupang (“SHTS”) which were acquired in May 2013).

Gross revenue for 1Q 2014 increased by 28.3% to S\$22.5 million compared to 1Q 2013, mainly due to the contribution from SHBL and SHTS.

Property operating expenses for 1Q 2014 decreased by 26.4% to S\$295,000 compared to 1Q 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for 1Q 2014 increased by 45.5% to S\$48,000 compared to 1Q 2013, mainly due to higher fixed deposits and interest rates.

Manager's management fees for 1Q 2014 increased by 31.3% to S\$2.2 million compared to 1Q 2013, mainly due to higher net property income and total assets.

Trustee fees for 1Q 2014 increased by 32.3% to S\$82,000 compared to 1Q 2013, mainly due to higher total assets.

Finance costs for 1Q 2014 increased by 67.4% to S\$3.5 million compared to 1Q 2013, mainly due to the higher loan amounts to part finance the acquisition of SHBL and SHTS.

Other expenses for 1Q 2014 decreased by 77.5% as compared to 1Q 2013, mainly due to lower unrealised exchange loss on USD loan partly offset by the expenses incurred on distribution reinvestment plan.

Income tax for 1Q 2014 increased by 31.7% to S\$3.7 million compared to 1Q 2013, mainly due to the higher rental income.

As the result of the above, Total return after tax for 1Q 2014 increased by 25.7% to S\$12.6 million compared to 1Q 2013.

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

Indonesia will continue to be a focal market for First REIT's growth plans. Its economy, the largest in Southeast Asia, grew 5.8% in 2013, and is projected to grow in the range of 5.5% to 5.9% in 2014 according to Bank Indonesia. The upcoming elections this year is also not expected to cause any drastic change in regulations or policy within the healthcare industry in the short to medium term.

The combined force of political and economic factors together with an expanding middle class, changing lifestyles, increasing longevity and the government's universal healthcare programme are all contributing to rising demand for quality healthcare in Indonesia.

These present strong opportunities for First REIT's Sponsor, Lippo Karawaci, who owns 16 hospitals under PT Siloam International Hospitals Tbk and has a strong pipeline of 24 hospitals to which the Trust has the right-of-first-refusal for future acquisitions.

Continuing with its acquisition trail, the Trust announced the proposed acquisition of Siloam Hospital Purwakarta in March 2014. This will increase its portfolio to 15 properties and broadens its asset size by 3.8% to S\$1.09 billion.

In Singapore, the Government recently announced new healthcare policies aimed at making healthcare more affordable to Singaporeans. The Universal Medical Coverage under MediShield Life Insurance will be implemented in 2015. A new Pioneer Generation Package will benefit about 450,000 Singaporeans who are 65 years old or older by end of 2014, by helping them pay for their MediShield Life insurance premiums. Over 11,000 new hospital and nursing home beds are expected to be added to Singapore's healthcare system by 2020. All these will underpin increased demand for hospital and nursing home beds in Singapore.

As part of its key growth strategy, First REIT will continue to look for yield-accretive acquisition opportunities in Singapore, Indonesia and other parts of Asia and continue with asset enhancement initiatives within its existing portfolio.

Barring any unforeseen circumstances, the Manager does not expect any significant or adverse changes to First REIT's performance for the rest of 2014.

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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 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

On 9 January 2014, First REIT announced the establishment of a distribution reinvestment plan ("DRP") which unitholders may elect to receive new units of First REIT shares in lieu of part only or all of the cash amount of any distribution to which the plan applies. The DRP applies to 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 4Q 2013 DRP) on 23 April 2014.

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.

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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 January 2013 to 31 March 2013

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.23
Capital	0.44
Total	1.74

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 from 5.00p.m. on 23 April 2014 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 21 April 2014 at 9.00am.

11(d) Date Payable: 29 May 2014

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 2014:

- 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 2014 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 2014
