

**FIRST REAL ESTATE INVESTMENT TRUST
2014 THIRD 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 fifteen 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) Pacific Healthcare Nursing Home @ Bukit Merah, 13) Pacific Healthcare Nursing Home II @ Bukit Panjang, 14) The Lantor Residence and 15) 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 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 2014	3Q 2013	Change	30 Sep 2014	30 Sep 2013	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	23,843	22,800	4.6%	69,354	60,441	14.7%
Net Property Income	23,452	21,744	7.9%	68,348	58,555	16.7%
Distributable Amount	14,688	13,847	6.1%	43,254	38,107	13.5%
Distribution per unit (cts)	2.02	1.96	3.1%	6.01	5.55	8.3%
Annualised Distribution per unit (cts)	8.05	7.52 ¹	7.0%	8.05	7.52 ¹	7.0%

Note:

- 1) Actual distribution paid for FY 2013.

Distribution Details

Distribution	1 July 2014 to 30 September 2014
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.02 cents per unit (a) Taxable income distribution - 0.11 cents per unit (b) Tax-exempt income distribution - 1.24 cents per unit (c) Capital distribution - 0.67 cents per unit
Book closure date	28 October 2014 at 5.00 pm
Ex-dividend date	24 October 2014 at 9.00 am
Payment date	28 November 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, 1Q 2014 and 2Q 2014 DRP) on 28 October 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					
	Quarter			Year-to-date		
	3Q 2014	3Q 2013	Change	30 Sep 2014	30 Sep 2013	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross revenue	23,843	22,800	4.6%	69,354	60,441	14.7%
Property operating expenses [#]	(391)	(1,056)	(63.0%)	(1,006)	(1,886)	(46.7%)
Net property income	23,452	21,744	7.9%	68,348	58,555	16.7%
Interest income	55	44	25.0%	145	117	23.9%
Manager's management fees	(2,299)	(2,142)	7.3%	(6,764)	(5,783)	17.0%
Trustee fees	(85)	(80)	6.3%	(251)	(216)	16.2%
Finance costs	(3,725)	(3,593)	3.7%	(10,886)	(8,513)	27.9%
Other expenses [^]	(610)	(275)	121.8%	(949)	(1,403)	(32.4%)
Net income before the undernoted	16,788	15,698	6.9%	49,643	42,757	16.1%
Gain on revaluation of investment properties *	-	-	-	5,488	27,783	(80.2%)
Total return for the period before income tax	16,788	15,698	6.9%	55,131	70,540	(21.8%)
Income tax expense	(3,822)	(3,574)	6.9%	(12,978)	(9,401)	38.0%
Total return for the period after income tax	12,966	12,124	6.9%	42,153	61,139	(31.1%)
Other comprehensive income:						
Exchange differences on translating foreign operations, net of tax	120	(76)	NM	19	421	(95.5%)
Total comprehensive income for the period	13,086	12,048	8.6%	42,172	61,560	(31.5%)

Note:

NM – Not meaningful

The result for 3Q 2014 includes the full quarter contribution from Siloam Hospitals Purwakarta ("SHPW") which was acquired in May 2014.

[#] Property operating expenses for 3Q 2014 decreased to S\$391,000 compared to 3Q 2013 due to lower expenses incurred for Sarang Hospital.

[^] Other expenses for 3Q 2014 increased to S\$610,000 compared to 3Q 2013 due to higher unrealised exchange losses on USD denominated loan and expenses incurred on distribution reinvestment plan.

* The YTD gain on revaluation of investment properties is due to acquisition of SHPW, Siloam Hospitals Bali ("SHBL") and Siloam Hospitals TB Simatupang ("SHTS") which were acquired at discounts to valuation.

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1(a)(ii) Statement of Distribution

	Group					
	Quarter			Year-to-date		
	3Q 2014	3Q 2013	Change	30 Sep 2014	30 Sep 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after income tax	12,966	12,124	6.9%	42,153	61,139	(31.1%)
Adjustments for tax purposes:						
- Manager's management fees settled in units	1,392	1,516	(8.2%)	4,777	4,220	13.2%
- Change in fair value of investment properties, net of deferred tax	-	-	-	(3,743)	(27,979)	(86.6%)
- Foreign exchange adjustment loss/(gain)	339	(92)	NM	116	475	(75.6%)
- Others	(9)	299	NM	(49)	252	NM
Total available for distribution to Unitholders	14,688	13,847	6.1%	43,254	38,107	13.5%
Unitholders' distribution:						
- as distribution from operations	9,801	9,254	5.9%	29,221	26,753	9.2%
- as distribution of Unitholders' capital contribution	4,887	4,593	6.4%	14,033	11,354	23.6%
Distributable amount to Unitholders	14,688	13,847	6.1%	43,254	38,107	13.5%

Note:

NM – Not meaningful

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1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		30 Sep 2014 S\$'000	31 Dec 2013 S\$'000	30 Sep 2014 S\$'000	31 Dec 2013 S\$'000
Assets					
Non-current Assets					
Investment properties	1	1,089,947	1,052,266	39,229	39,100
Investments in subsidiaries	1	-	-	660,835	639,721
Loan receivable, non-current		-	-	59,841	62,976
Deferred tax assets		490	490	490	490
Total non-current assets		1,090,437	1,052,756	760,395	742,287
Current Assets					
Trade and other receivables, current	2	13,467	24,702	2,106	2,174
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,467	1,744	175	116
Cash and cash equivalents		30,565	29,331	27,857	25,091
Total current assets		46,499	55,777	34,329	31,572
Total Assets		1,136,936	1,108,533	794,724	773,859
Unitholders' Funds and Liabilities					
Unitholders' Fund					
Issued equity	3	422,093	414,109	422,093	414,109
Retained earnings/(Accumulated losses)		281,572	268,170	(26,346)	(21,936)
Foreign exchange reserve		639	620	-	-
Total Unitholders' Funds		704,304	682,899	395,747	392,173
Non-current Liabilities					
Deferred tax liabilities		23,733	21,988	-	-
Other financial liabilities, non-current	4	342,680	353,798	342,680	353,798
Total non-current liabilities		366,413	375,786	342,680	353,798
Current Liabilities					
Income tax payable		1,621	1,532	-	-
Trade and other payables, current	5	18,289	30,009	27,042	25,852
Other financial liabilities, current	4	26,492	-	26,492	-
Other liabilities, current		19,817	18,307	2,763	2,036
Total current liabilities		66,219	49,848	56,297	27,888
Total Liabilities		432,632	425,634	398,977	381,686
Total Unitholders' Funds and Liabilities		1,136,936	1,108,533	794,724	773,859

Note:

- Investment properties increased from S\$1,052.3 million to S\$1,089.9 million and investments in subsidiaries increased from S\$639.7 million to S\$660.8 million mainly due to acquisition of Siloam Hospitals Purwakarta ("SHPW") in May 2014.
- Trade and other receivables, current decreased from S\$24.7 million to S\$13.5 million mainly due to the tax refunds received from the Indonesian tax authority paid to the vendor of Siloam Hospitals Manado & Hotel Aryaduta Manado ("MD property"), Siloam Hospitals Makassar ("SHMK") and Siloam Hospitals TB Simatupang ("SHTS").

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- 3) Issued equity increased from S\$414.1 million to S\$422.1 million mainly due to issuance of units to complete the acquisition of SHPW in May 2014.
- 4) Other financial liabilities, current and non-current increased from S\$353.8 million to S\$369.2 million mainly due to loan drawdown for the acquisition of SHPW partly offset by the prepayment of borrowings with the cash retained from the Distribution Reinvestment Plan ("DRP").
- 5) Trade and other payables, current decreased from S\$30.0 million to S\$18.3 million mainly due to payment to the vendor of MD property, SHMK and SHTS for the tax refunds received from the Indonesian tax authority.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	30 Sep 2014	31 Dec 2013	30 Sep 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	245,957	257,842	245,957	257,842
Unsecured	100,000	100,000	100,000	100,000
Less: Transaction costs in relation to Term Loan Facility/Notes	(3,277)	(4,044)	(3,277)	(4,044)
Total Borrowings, Non-current	342,680	353,798	342,680	353,798
Amount repayable within one year				
Secured	-	-	-	-
Unsecured	26,500	-	26,500	-
Less: Transaction costs in relation to Term Loan Facility/Notes	(8)	-	(8)	-
Total Borrowings, Current	26,492	-	26,492	-

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, Siloam Hospitals TB Simatupang and Siloam Hospitals Purwakarta.
- (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, Key Capital Pte Ltd, Finura Investments Pte Ltd and Glamis Investments Pte Ltd.

In April 2014, First REIT secured a S\$165 million transferable term loan with maturity of three, four and five years, to refinance the existing loans due November 2016. First REIT is in the midst of completing the documentations for this term loan.

First REIT has secured another term loan facility of S\$40 million from another bank with maturity of three and four years in October 2014. This new loan facility will be used for working capital and potential acquisitions in the future.

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1(c) Statement of Cash Flows

	Group	
	3Q 2014	3Q 2013
	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	16,788	15,698
Interest income	(55)	(44)
Interest expense	3,427	3,292
Amortisation of borrowing costs	298	301
Foreign exchange adjustment loss/(gain)	339	(92)
Manager's management fees settled in units	1,392	1,516
Operating cash flows before changes in working capital	22,189	20,671
Trade and other receivables, current	8,317	1,224
Other assets, current	194	(185)
Trade and other payables, current	(7,648)	(1,908)
Other liabilities, current	493	(192)
Net cash flows from operating activities before income tax	23,545	19,610
Income taxes paid	(3,775)	(3,459)
Net cash flows from operating activities	19,770	16,151
Cash flows from investing activities		
Interest received	61	51
Increase in investment properties	(20)	-
Net cash flows from investing activities	41	51
Cash flows from financing activities		
Repayment of borrowings	1 (3,700)	-
Interest paid	(3,005)	(2,398)
Distribution to Unitholders	2 (10,611)	(6,065)
Net cash flows used in financing activities	(17,316)	(8,463)
Net increase in cash and cash equivalents	2,495	7,739
Cash and cash equivalents at beginning of the period	28,070	22,103
Cash and cash equivalents at end of the period	30,565	29,842

Note:

- 1) The source of funds for this repayment of borrowings is the cash retained from the DRP.
- 2) The increase in distribution paid for 3Q 2014 was mainly due to advance distribution paid in 3Q 2013 for the period from 1 April 2013 to 21 May 2013 being paid earlier in June 2013.

The distribution paid in 3Q 2014 relates to cash distribution paid and excludes the units issued as part payment of distributions, pursuant to the DRP. The Trust has issued 3,171,926 new units amounting to approximately S\$3.8 million for the distribution for the period from 1 April 2014 to 30 June 2014.

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

	Group	
	30 Sep 2014	30 Sep 2013
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	55,131	70,540
Interest income	(145)	(117)
Interest expense	10,023	7,809
Amortisation of borrowing costs	863	703
Foreign exchange adjustment loss	116	475
Increase in fair value of investment properties	1 (5,488)	(27,783)
Manager's management fees settled in units	4,777	4,220
Operating cash flows before changes in working capital	65,277	55,847
Trade and other receivables, current	11,197	(16,879)
Other assets, current	(723)	(617)
Trade and other payables, current	(11,990)	15,289
Other liabilities, current	1,511	1,297
Net cash flows from operating activities before income tax	65,272	54,937
Income taxes paid	(11,145)	(9,271)
Net cash flows from operating activities	54,127	45,666
Cash flows from investing activities		
Interest received	148	128
Increase in investment properties	2 (27,639)	(141,703)
Net cash flows used in investing activities	(27,491)	(141,575)
Cash flows from financing activities		
Increase in borrowings	3 26,450	140,649
Repayment of borrowings	4 (12,000)	-
Interest paid	(9,518)	(6,451)
Distribution to Unitholders	(30,334)	(28,944)
Net cash flows (used in)/from financing activities	(25,402)	105,254
Net increase in cash and cash equivalents	1,234	9,345
Cash and cash equivalents at beginning of the period	29,331	20,497
Cash and cash equivalents at end of the period	30,565	29,842

Note:

- 1) The increase in fair value of investment properties relates to the acquisition of Siloam Hospitals Purwakarta ("SHPW") which was acquired in May 2014 and Siloam Hospitals Bali ("SHBL") and Siloam Hospitals TB Simatupang ("SHTS") which were acquired in May 2013.
- 2) The increase in investment properties is mainly due to the acquisition of SHPW in May 2014 and the acquisition of SHBL and SHTS in May 2013.
- 3) The increase in borrowings relates to the drawdown of loan facility and issuance of fixed rate notes for the acquisition of SHPW in May 2014 and the acquisition of SHBL and SHTS in May 2013.
- 4) The source of funds for this repayment of borrowings is the cash retained from the DRP.

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

	Group		Trust	
	3Q 2014	3Q 2013	3Q 2014	3Q 2013
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	700,089	631,216	396,548	401,955
<u>Operations</u>				
Total return after tax	12,966	12,124	8,070	7,825
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	120	(76)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	1,740	1,366	1,740	1,366
Issuance of units (DRP)	3,770	-	3,770	-
Distribution to Unitholders	(14,381)	(6,065)	(14,381)	(6,065)
Balance at end of the financial period	704,304	638,565	395,747	405,081

	Group		Trust	
	30 Sep 2014	30 Sep 2013	30 Sep 2014	30 Sep 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	42,153	61,139	24,341	22,048
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	19	421	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	5,067	3,971	5,067	3,971
Manager's acquisition fees paid in units	-	1,904	-	1,904
Purchase consideration of investment property paid in units	4,500	50,000	4,500	50,000
Issuance of units (DRP)	12,188	-	12,188	-
Distribution to Unitholders	(42,522)	(28,944)	(42,522)	(28,944)
Balance at end of the financial period	704,304	638,565	395,747	405,081

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

	Trust			
	Quarter		Year-to-date	
	3Q 2014	3Q 2013	30 Sep 2014	30 Sep 2013
Balance at beginning of period	721,528,359	704,098,185	706,629,453	664,948,936
Unitholders transactions:				
- Manager's management fees paid in units	1,469,461	1,135,963	4,624,750	3,456,664
- Purchase consideration paid in units	-	-	3,805,175	35,450,935
- Manager's acquisition fees paid in units	-	-	-	1,377,613
- Issuance of units (DRP)	3,171,926	-	11,110,368	-
Balance at end of period	726,169,746	705,234,148	726,169,746	705,234,148
New units to be issued				
- Manager's management fees payable in units	1,137,212	1,395,305	1,137,212	1,395,305
Total issued and issuable units	727,306,958	706,629,453	727,306,958	706,629,453

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 2014	31 Dec 2013
Issued units at end of period/year	726,169,746	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.

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.

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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 2014	3Q 2013	30 Sep 2014	30 Sep 2013
<u>Earnings per unit</u>				
Weighted average number of units in issue	722,726,289	704,925,462	716,401,088	684,770,199
<u>Earnings per unit in cents</u>				
Basic and fully diluted basis	1.79	1.72	5.88	8.93
<u>Distribution per unit</u>				
Number of units in issue	726,169,746	705,234,148	726,169,746	705,234,148
<u>Distribution per unit in cents</u>				
Based on the number of units in issue at the end of the period	2.02	1.96	6.01	5.55

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

	Group		Trust	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
Net asset value per unit (cents)	96.99	96.64	54.50	55.50

8. Review of the performance

3Q 2014 vs 3Q 2013

The result for this quarter includes the full quarter contribution from Siloam Hospitals Purwakarta ("SHPW") which was acquired in May 2014.

Gross revenue for 3Q 2014 increased by 4.6% to S\$23.8 million compared to 3Q 2013, mainly due to the contribution from SHPW.

Property operating expenses for 3Q 2014 decreased to S\$391,000 compared to 3Q 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for 3Q 2014 increased by 25.0% to S\$55,000 compared to 3Q 2013, mainly due to higher fixed deposits amount and interest rates.

Manager's management fees for 3Q 2014 increased by 7.3% to S\$2.3 million compared to 3Q 2013, mainly due to the higher net property income and total assets as a result of the acquisition of SHPW.

Trustee fees for 3Q 2014 increased by 6.3% to S\$85,000 compared to 3Q 2013, mainly due to the higher total assets as a result of the acquisition of SHPW.

Finance costs for 3Q 2014 increased by 3.7% to S\$3.7 million compared to 3Q 2013, mainly due to the higher loan amounts to part finance the acquisition of SHPW.

Other expenses for 3Q 2014 increased to S\$610,000 compared to 3Q 2013 mainly due to the higher unrealised exchange loss on USD loan and the expenses incurred on distribution reinvestment plan.

Income tax for 3Q 2014 increased by 6.9% to S\$3.8 million compared to 3Q 2013, mainly due to higher rental income.

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9M 2014 vs 9M 2013

Gross revenue for 9M 2014 increased by 14.7% to S\$69.4 million compared to 9M 2013, mainly due to the contribution from the newly acquired properties.

Property operating expenses for 9M 2014 decreased by 46.7% to S\$1.0 million compared to 9M 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for 9M 2014 increased by 23.9% to S\$145,000 compared to 9M 2013, mainly due to higher fixed deposits amount and interest rates.

Manager's management fees for 9M 2014 increased by 17.0% to S\$6.8 million compared to 9M 2013, mainly due to the higher net property income and total assets as a result of the new acquisitions.

Trustee fees for 9M 2014 increased by 16.2% to S\$251,000 compared to 9M 2013, mainly due to the higher total assets as a result of the new acquisitions.

Finance costs for 9M 2014 increased by 27.9% to S\$10.9 million compared to 9M 2013, mainly due to the higher loan amounts to part finance the new acquisitions.

Other expenses for 9M 2014 decreased by 32.4% to S\$949,000 compared to 9M 2013 mainly due to the lower unrealised exchange loss on USD loan partly offset by the expenses incurred on distribution reinvestment plan.

Income tax for 9M 2014 increased by 38.0% to S\$13.0 million compared to 9M 2013, mainly due to higher rental income and provision for deferred tax on the gain on revaluation of investment properties.

Total return after tax for 9M 2014 decreased to S\$42.2 million compared to 9M 2013 mainly due to lower fair value gain on revaluation of investment properties. Excluding the fair value gain on revaluation of investment properties net of deferred tax, total return after tax for 9M 2014 increased by 15.8% to S\$38.4 million compared to 9M 2013 mainly due to contributions from the newly acquired 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.

The results for this quarter are in line with the commentary made in paragraph 10 of the previous quarter.

10. Commentary on the competitive conditions of the industry

Joko Widodo's victory at the recent presidential elections bodes well for the Indonesian economy and in particular, the healthcare sector. Reforms are expected to help Indonesia achieve longer-term growth and healthcare is a key area of focus, with the government's universal healthcare programme expected to be rolled out as planned.

First REIT continues to see strong opportunities in the Indonesian healthcare sector and will tap on its Sponsor, Lippo Karawaci's strong pipeline for future acquisitions. Lippo Karawaci currently owns 18 hospitals under PT Siloam International Hospitals Tbk ("Siloam") and with a pipeline of another 29 hospitals to which First REIT has the right-of-first-refusal for acquisitions.

In Singapore, to cope with the demand of the greying population, the Ministry of Health recently announced measures to raise the target number of nursing home beds to 17,150 by 2020. These include running three to four of its own nursing homes as well as releasing land for new facilities and helping operators scale up more quickly.

First REIT will continue to look for yield-accretive healthcare assets to acquire in Indonesia, Singapore and other parts of Asia as part of its growth strategy.

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

FIRST REAL ESTATE INVESTMENT TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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 2014 to 30 September 2014

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.11
Tax-Exempt Income	1.24
Capital	0.67
Total	2.02

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 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, 1Q 2014 and 2Q 2014 DRP) on 28 October 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.

FIRST REAL ESTATE INVESTMENT TRUST
2014 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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 2013 to 30 September 2013

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.23
Capital	0.65
Total	1.96

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 28 October 2014 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 24 October 2014 at 9.00am.

11(d) Date Payable: 28 November 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 30 September 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 30 September 2014 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
17 October 2014