

**FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006.

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

Managed by Bowsprit Capital Corporation Limited, First REIT's portfolio consists of sixteen properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Pacific Healthcare Nursing Home @ Bukit Merah, 14) Pacific Healthcare Nursing Home II @ Bukit Panjang, 15) The Lentor Residence and 16) Sarang Hospital.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by 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.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

Summary of First REIT's Results

	Group					
	Quarter			Full Year		
	4Q 2014	4Q 2013	Change	31 Dec 2014	31 Dec 2013	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	23,901	22,839	4.6%	93,255	83,280	12.0%
Net Property Income	23,525	21,653	8.6%	91,873	80,208	14.5%
Distributable Amount	14,963	13,955	7.2%	58,221	52,086	11.8%
Distribution per unit (cts)	2.04	1.97	3.6%	8.05	7.52 ¹	7.0%
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 October 2014 to 31 December 2014
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.04 cents per unit (a) Taxable income distribution - 0.09 cents per unit (b) Tax-exempt income distribution - 1.28 cents per unit (c) Capital distribution - 0.67 cents per unit
Book closure date	26 January 2015 at 5.00 pm
Ex-dividend date	22 January 2015 at 9.00 am
Payment date	27 February 2015

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 to 3Q 2014 DRP) on 26 January 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Limited ("CDP"), 9 North Buona Vista Drive #01-19/20 The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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

	Group					
	Quarter			Full Year		
	4Q 2014	4Q 2013	Change	31 Dec 2014	31 Dec 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue	23,901	22,839	4.6%	93,255	83,280	12.0%
Property operating expenses [#]	(376)	(1,186)	(68.3%)	(1,382)	(3,072)	(55.0%)
Net property income	23,525	21,653	8.6%	91,873	80,208	14.5%
Interest income	54	46	17.4%	199	163	22.1%
Manager's management fees	(2,374)	(2,194)	8.2%	(9,138)	(7,977)	14.6%
Trustee fees	(90)	(83)	8.4%	(341)	(299)	14.0%
Finance costs	(4,331)	(3,860)	12.2%	(15,217)	(12,373)	23.0%
Other expenses [^]	(915)	(289)	216.6%	(1,864)	(1,692)	10.2%
Net income before the undernoted	15,869	15,273	3.9%	65,512	58,030	12.9%
Gain on revaluation of investment properties	41,686	33,551	24.2%	47,174	61,334	(23.1%)
Total return for the period/year before income tax	57,555	48,824	17.9%	112,686	119,364	(5.6%)
Income tax expense [*]	(9,105)	7,869	NM	(22,083)	(1,532)	NM
Total return for the period/year after income tax	48,450	56,693	(14.5%)	90,603	117,832	(23.1%)
Other comprehensive income:						
Exchange differences on translating foreign operations, net of tax	312	(25)	NM	331	396	(16.4%)
Total comprehensive income for the period/year	48,762	56,668	(14.0%)	90,934	118,228	(23.1%)

Note:

NM – Not meaningful

The result for 4Q 2014 includes the full quarter contribution from Siloam Hospitals Purwakarta ("SHPW") which was acquired in May 2014.

[#] Property operating expenses for 4Q 2014 and FY 2014 decreased to S\$376,000 and S\$1.4 million respectively compared to 4Q 2013 and FY 2013 mainly due to lower expenses incurred for Sarang Hospital.

[^] Other expenses for 4Q 2014 increased to S\$915,000 compared to 4Q 2013 due mainly to higher unrealised exchange losses on USD denominated loan, while other expenses for FY 2014 increased to S\$1.9 million compared to FY 2013 mainly due to expenses incurred on distribution reinvestment plan partly offset by lower unrealised exchange losses on USD loan.

^{*} Income tax expenses for 4Q 2014 and FY2014 increased to S\$9.1 million and S\$22.1 million respectively compared to 4Q 2013 and FY 2013 mainly due to higher rental income and the write back of deferred tax in 4Q 2013.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

1(a)(ii) Statement of Distribution

	Group					
	Quarter			Full Year		
	4Q 2014	4Q 2013	Change	31 Dec 2014	31 Dec 2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period/year after income tax	48,450	56,693	(14.5%)	90,603	117,832	(23.1%)
Adjustments for tax purposes:						
- Manager's management fees settled in units	1,938	1,682	15.2%	6,715	5,902	13.8%
- Change in fair value of investment properties, net of deferred tax	(36,421)	(45,022)	(19.1%)	(40,164)	(73,001)	(45.0%)
- Foreign exchange adjustment loss	676	111	509.0%	792	586	35.2%
- Others	320	491	(34.8%)	275	767	(64.1%)
Total available for distribution to Unitholders	14,963	13,955	7.2%	58,221	52,086	11.8%
Unitholders' distribution:						
- as distribution from operations	10,076	9,361	7.6%	39,302	36,138	8.8%
- as distribution of Unitholders' capital contribution	4,887	4,594	6.4%	18,919	15,948	18.6%
Distributable amount to Unitholders	14,963	13,955	7.2%	58,221	52,086	11.8%

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current Assets					
Investment properties	1	1,172,015	1,052,266	38,700	39,100
Investments in subsidiaries	1	-	-	690,989	639,721
Loan receivable, non-current		-	-	58,785	62,976
Deferred tax assets		595	490	595	490
Total non-current assets		1,172,610	1,052,756	789,069	742,287
Current Assets					
Trade and other receivables, current	2	8,988	24,702	2,444	2,174
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,557	1,744	178	116
Cash and cash equivalents		28,230	29,331	26,708	25,091
Total current assets		39,775	55,777	33,521	31,572
Total Assets		1,212,385	1,108,533	822,590	773,859
Unitholders' Funds and Liabilities					
Unitholders' Fund					
Issued equity	3	423,792	414,109	423,792	414,109
Retained earnings/(Accumulated losses)		320,207	268,170	(29,519)	(21,936)
Foreign exchange reserve		951	620	-	-
Total Unitholders' Funds		744,950	682,899	394,273	392,173
Non-current Liabilities					
Deferred tax liabilities		29,103	21,988	-	-
Other financial liabilities, non-current	4	370,090	353,798	370,090	353,798
Total non-current liabilities		399,193	375,786	370,090	353,798
Current Liabilities					
Income tax payable		445	1,532	-	-
Trade and other payables, current	5	20,429	30,009	28,987	25,852
Other financial liabilities, current	4	26,485	-	26,485	-
Other liabilities, current		20,883	18,307	2,755	2,036
Total current liabilities		68,242	49,848	58,227	27,888
Total Liabilities		467,435	425,634	428,317	381,686
Total Unitholders' Funds and Liabilities		1,212,385	1,108,533	822,590	773,859

Note:

- Investment properties increased from S\$1,052.3 million to S\$1,172.0 million and investments in subsidiaries increased from S\$639.7 million to S\$691.0 million mainly due to acquisition of Siloam Hospitals Purwakarta ("SHPW") in May 2014 and Siloam Sriwijaya ("SS") in Dec 2014 and fair value gains of S\$47.2 million.
- Trade and other receivables, current decreased from S\$24.7 million to S\$9.0 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"), Siloam Hospitals Bali ("SHBL") and Siloam Hospitals TB Simatupang ("SHTS").

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

- 3) Issued equity increased from S\$414.1 million to S\$423.8 million mainly due to issuance of units to complete the acquisition of SHPW in May 2014 and manager's management fees paid in units.
- 4) Other financial liabilities, current and non-current increased from S\$353.8 million to S\$396.6 million mainly due to loan drawdown for the acquisition of SHPW and SS partly offset by the prepayment of borrowings using the cash retained from the Distribution Reinvestment Plan ("DRP").
- 5) Trade and other payables, current decreased from S\$30.0 million to S\$20.4 million mainly due to payment to the vendor of MD property, SHMK, SHBL and SHTS for the tax refunds received from the Indonesian tax authority.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	31 Dec 2014	31 Dec 2013	31 Dec 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	274,794	257,842	274,794	257,842
Unsecured	100,000	100,000	100,000	100,000
Less: Transaction costs	(4,704)	(4,044)	(4,704)	(4,044)
Total Borrowings, Non-current	370,090	353,798	370,090	353,798
Amount repayable within one year				
Secured	-	-	-	-
Unsecured	26,500	-	26,500	-
Less: Transaction costs	(15)	-	(15)	-
Total Borrowings, Current	26,485	-	26,485	-

Details of Collaterals

As security for the borrowings, the following have been granted in favour of the lenders :

- (a) a mortgage over all the investment properties except Sarang Hospital, Siloam Hospitals Purwakarta and Siloam Sriwijaya.
- (b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Finura Investments Pte Ltd, Glamis Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, IAHCC Investment Pte Ltd and Surabaya Hospitals Investment Pte Ltd.

First REIT has secured term loan and revolving credit facilities of S\$26.5 million and S\$18.5 million respectively from another bank with maturity of five years in December 2014. The new facilities will be used for refinancing of current short term borrowings, general corporate fund and working capital requirement, which may include funding near term asset enhancement initiatives.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

1(c) Statement of Cash Flows

	Group	
	4Q 2014	4Q 2013
	<u>Note</u>	<u>S\$'000</u>
	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	57,555	48,824
Interest income	(54)	(46)
Interest expense	3,353	3,323
Amortisation of borrowing costs	978	538
Foreign exchange adjustment loss	676	111
Increase in fair value of investment properties	(41,686)	(33,551)
Manager's management fees settled in units	1,938	1,682
Operating cash flows before changes in working capital	22,760	20,881
Trade and other receivables, current	4,482	1,773
Other assets, current	(90)	249
Trade and other payables, current	3,437	(1,828)
Other liabilities, current	1,066	55
Net cash flows from operating activities before income tax	31,655	21,130
Income taxes paid	(5,015)	(3,579)
Net cash flows from operating activities	26,640	17,551
Cash flows from investing activities		
Interest received	59	40
Increase in investment properties	1 (40,078)	(181)
Net cash flows used in investing activities	(40,019)	(141)
Cash flows from financing activities		
Increase in borrowings	2 29,856	-
Repayment of borrowings	3 (5,000)	-
Interest paid	(4,304)	(4,071)
Distribution to Unitholders	4 (9,508)	(13,850)
Net cash flows from/(used in) financing activities	11,044	(17,921)
Net decrease in cash and cash equivalents	(2,335)	(511)
Cash and cash equivalents at beginning of the period	30,565	29,842
Cash and cash equivalents at end of the period	28,230	29,331

Note:

- 1) The increase in investment properties is due to the acquisition of Siloam Sriwijaya ("SS") in Dec 2014.
- 2) The increase in borrowings is for loan drawdown to finance the acquisition of SS.
- 3) The source of funds for this repayment of borrowings is the cash retained from the DRP.
- 4) The distribution paid in 4Q 2014 relates to cash distribution paid and excludes the units issued as part payment of distributions, pursuant to the DRP. The Trust has issued 4,395,530 new units amounting to approximately S\$5.2 million for the distribution for the period from 1 July 2014 to 30 September 2014.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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

	Group	
	31 Dec 2014	31 Dec 2013
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	112,686	119,364
Interest income	(199)	(163)
Interest expense	13,376	11,132
Amortisation of borrowing costs	1,841	1,241
Foreign exchange adjustment loss	792	586
Increase in fair value of investment properties	(47,174)	(61,334)
Manager's management fees settled in units	6,715	5,902
Operating cash flows before changes in working capital	88,037	76,728
Trade and other receivables, current	15,679	(15,106)
Other assets, current	(813)	(368)
Trade and other payables, current	(8,553)	13,461
Other liabilities, current	2,577	1,352
Net cash flows from operating activities before income tax	96,927	76,067
Income taxes paid	(16,160)	(12,850)
Net cash flows from operating activities	80,767	63,217
Cash flows from investing activities		
Interest received	207	168
Increase in investment properties	(67,717)	(141,884)
Net cash flows used in investing activities	(67,510)	(141,716)
Cash flows from financing activities		
Increase in borrowings	56,306	140,649
Repayment of borrowings	(17,000)	-
Interest paid	(13,822)	(10,522)
Distribution to Unitholders	(39,842)	(42,794)
Net cash flows (used in)/from financing activities	(14,358)	87,333
Net (decrease)/increase in cash and cash equivalents	(1,101)	8,834
Cash and cash equivalents at beginning of the year	29,331	20,497
Cash and cash equivalents at end of the year	28,230	29,331

Note:

- 1) The increase in investment properties for FY 2014 relates to the acquisition of SHPW and SS in May 2014 and Dec 2014 respectively, while the increase in investment properties for FY 2013 is for the acquisition of SHBL and SHTS in May 2013.
- 2) The increase in borrowings for FY 2014 relates to the drawdown of loan facilities for the acquisition of SHPW and SS in May 2014 and Dec 2014 respectively, while the increase in borrowings for FY 2013 is for the drawdown of loan facility and the issuance of fixed rate notes for the acquisition of SHBL and SHTS in May 2013.
- 3) The source of funds for this repayment of borrowings is the cash retained from the DRP.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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

	Group		Trust	
	4Q 2014	4Q 2013	4Q 2014	4Q 2013
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	704,304	638,565	395,747	405,081
<u>Operations</u>				
Total return after tax	48,450	56,693	6,642	(574)
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	312	(25)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	1,392	1,516	1,392	1,516
Issuance of units (DRP)	5,180	-	5,180	-
Distribution to Unitholders	(14,688)	(13,850)	(14,688)	(13,850)
Balance at end of the financial period	744,950	682,899	394,273	392,173

	Group		Trust	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial year	682,899	550,074	392,173	356,102
<u>Operations</u>				
Total return after tax	90,603	117,832	30,983	21,474
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	331	396	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	6,459	5,487	6,459	5,487
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)	17,368	-	17,368	-
Distribution to Unitholders	(57,210)	(42,794)	(57,210)	(42,794)
Balance at end of the financial year	744,950	682,899	394,273	392,173

**FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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

	Trust			
	Quarter		Full Year	
	4Q 2014	4Q 2013	31 Dec 2014	31 Dec 2013
Balance at beginning of period/year	726,169,746	705,234,148	706,629,453	664,948,936
Unitholders transactions:				
- Manager's management fees paid in units	1,137,212	1,395,305	5,761,962	4,851,969
- 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)	4,395,530	-	15,505,898	-
Balance at end of period/year	731,702,488	706,629,453	731,702,488	706,629,453
New units to be issued				
- Purchase consideration payable in units *	4,804,612	-	4,804,612	-
- Manager's management fees payable in units	1,565,297	1,612,847	1,565,297	1,612,847
Total issued and issuable units	738,072,397	708,242,300	738,072,397	708,242,300

Note:

* The balance payment for the acquisition of Siloam Sriwijaya is by way of issuance of considerations units. The consideration units was issued to vendor on 5 January 2015.

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 Dec 2014	31 Dec 2013
Issued units at end of period/year	731,702,488	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.

**FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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			
	Quarter		Full Year	
	4Q 2014	4Q 2013	31 Dec 2014	31 Dec 2013
<u>Earnings per unit</u>				
Weighted average number of units in issue	727,109,182	706,265,460	719,509,561	693,448,811
<u>Earnings per unit in cents</u>				
Basic and fully diluted basis	6.66	8.03	12.59	16.99
<u>Distribution per unit</u>				
Number of units in issue	731,702,488	706,629,453	731,702,488	706,629,453
<u>Distribution per unit in cents</u>				
Based on the number of units in issue at the end of the period	2.04	1.97	8.05	7.52

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

	Group		Trust	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
Net asset value per unit (cents)	101.81	96.64	53.88	55.50

8. **Review of the performance**

4Q 2014 vs 4Q 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 4Q 2014 increased by 4.6% to S\$23.9 million compared to 4Q 2013, mainly due to contribution from SHPW and higher contribution from Indonesia and Singapore properties.

Property operating expenses for 4Q 2014 decreased to S\$376,000 compared to 4Q 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for 4Q 2014 increased by 17.4% to S\$54,000 compared to 4Q 2013, mainly due to higher fixed deposits amount and interest rates.

Manager's management fees for 4Q 2014 increased by 8.2% to S\$2.4 million compared to 4Q 2013, mainly due to the higher net property income and total assets as a result of the acquisition of SHPW and Siloam Sriwijaya ("SS").

Trustee fees for 4Q 2014 increased by 8.4% to S\$90,000 compared to 4Q 2013, mainly due to the higher total assets as a result of the acquisition of SHPW and SS.

Finance costs for 4Q 2014 increased by 12.2% to S\$4.3 million compared to 4Q 2013, mainly due to the higher loan amounts to part finance the acquisition of SHPW and SS.

Other expenses for 4Q 2014 increased to S\$915,000 compared to 4Q 2013, mainly due to the higher unrealised exchange loss on USD loan and the expenses incurred on distribution reinvestment plan.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

Income tax for 4Q 2014 increased to S\$9.1 million compared to 4Q 2013, mainly due to higher rental income and the write back of deferred tax in 4Q 2013.

Total return after tax for 4Q 2014 decreased by 14.5% to S\$48.5 million compared to 4Q 2013, mainly due to the write back of provision for deferred tax in 4Q 2013. Excluding fair value gain on revaluation of investment properties net of deferred tax, total return after tax for 4Q 2014 increased by 3.1% to S\$12.0 million compared to 4Q 2013 of S\$11.7 million mainly due to higher contribution from Indonesia and Singapore properties as well as contribution from the newly acquired properties.

FY 2014 vs FY 2013

Gross revenue for FY 2014 increased by 12.0% to S\$93.3 million compared to FY 2013, mainly due to higher contribution from Indonesia and Singapore properties and contribution from the newly acquired properties.

Property operating expenses for FY 2014 decreased by 55.0% to S\$1.4 million compared to FY 2013, mainly due to the lower expenses incurred for Sarang Hospital.

Interest income for FY 2014 increased by 22.1% to S\$199,000 compared to FY 2013, mainly due to higher fixed deposits amount and interest rates.

Manager's management fees for FY 2014 increased by 14.6% to S\$9.1 million compared to FY 2013, mainly due to the higher net property income and total assets as a result of the new acquisitions.

Trustee fees for FY 2014 increased by 14.0% to S\$341,000 compared to FY 2013, mainly due to the higher total assets as a result of the new acquisitions.

Finance costs for FY 2014 increased by 23.0% to S\$15.2 million compared to FY 2013, mainly due to the higher loan amounts to part finance the new acquisitions.

Other expenses for FY 2014 increased by 10.2% to S\$1.9 million compared to FY 2013, mainly due to expenses incurred on distribution reinvestment plan partly offset by lower unrealised exchange loss on USD loan.

Income tax for FY 2014 increased to S\$22.1 million compared to FY 2013, mainly due to higher rental income and the write back of deferred tax in 4Q 2013.

Total return after tax for FY 2014 decreased by 23.1% to S\$90.6 million compared to FY 2013, mainly due to lower fair value gain on revaluation of investment properties and the write back of provision for deferred tax on the gain on revaluation of investment properties in 4Q 2013. Excluding the fair value gain on revaluation of investment properties net of deferred tax, total return after tax for FY 2014 increased by 12.5% to S\$50.4 million compared to FY 2013 of S\$44.8 million mainly due to higher contribution from Indonesia and Singapore properties as well as contribution from 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

Since coming into office in October, the government led by President, Joko Widodo (known as Jokowi) has taken advantage of falling global oil prices to radically overhaul Indonesia's costly fuel subsidy regime. On 1 January 2015, Jokowi scrapped the subsidy for petrol and capped the amount of aid for diesel, shifting the subsidy to more productive spending such as the much-needed investment in infrastructure and welfare services. Despite uncertainty regarding the political viability and short-term growth drawbacks, there is still a sense of optimism regarding the long-term potential of Jokowi's reform agenda. FocusEconomics panellists see the Indonesia economy expanding 5.4% in 2015, which is down 0.1%. For 2016, the panel sees GDP growth picking up to 5.7%.¹

Indonesia will remain the key focal market for First REIT. The recent weakening of Rupiah will not affect the Trust as rentals from Indonesia are collected in Singapore dollars. Its Sponsor, PT Lippo Karawaci Tbk continues to strengthen its portfolio of hospitals in Indonesia, owning 18 hospitals operated by the largest and most prominent hospital group, PT Siloam International Hospitals Tbk and still has a strong pipeline of 29 high-quality hospitals to which First REIT has the right-of-first-refusal for acquisitions.

Barring any unforeseen circumstances, the Manager does not expect any significant or adverse change to First REIT's performance in 2015.

¹ <http://www.focus-economics.com> – Indonesia Economic Growth

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 October 2014 to 31 December 2014

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.09
Tax-Exempt Income	1.28
Capital	0.67
Total	2.04

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 to 3Q 2014 DRP) on 26 January 2015.

Overseas unitholders who wish to be eligible to participate in the DRP should provide an address in Singapore for service of notices and documents to the Manager c/o The Central Depository Pte Ltd ("CDP"), 9 Buona Vista Drive, #01-19/20, The Metropolis Singapore 138588, not later than three market days prior to the book closure date. Unitholders should note that all correspondences and notices will be sent to their last registered address with CDP.

Tax Rate

Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution

Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR 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 October 2013 to 31 December 2013

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.24
Capital	0.65
Total	1.97

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 26 January 2015 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 22 January 2015 at 9.00am.

11(d) Date Payable: 27 February 2015

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. If no IPT mandate has been obtained, a statement to that effect

First REIT has not obtained a general mandate from unitholders.

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

14. Segment Reporting

No business segmental result has been prepared as all the investment properties are mainly used for healthcare and/or healthcare-related purposes. The main segment would be by geographical areas.

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
2014				
Gross revenue	88,840	3,615	800	93,255
Net property income	88,318	3,392	163	91,873
Interest income	42	157	-	199
Manager's management fees				(9,138)
Trustee fees				(341)
Finance costs				(15,217)
Other trust expenses				(1,864)
Net income before undernoted				65,512
Increase/(decrease) in fair values of investment properties	47,793	(619)	-	47,174
Net income for the year before income tax				112,686
Income tax (expense)/income	(22,107)	105	(81)	(22,083)
Total return for the year after income tax				90,603
2013				
Gross revenue	77,821	3,458	2,001	83,280
Net property income/(expenses)	77,291	3,214	(297)	80,208
Interest income	58	105	-	163
Manager's management fees				(7,977)
Trustee fees				(299)
Finance costs				(12,373)
Other trust expenses				(1,692)
Net income before undernoted				58,030
Increase/(decrease) in fair values of investment properties	67,484	678	(6,828)	61,334
Net income for the year before income tax				119,364
Income tax expense	(1,399)	(115)	(18)	(1,532)
Total return for the year after income tax				117,832

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities				
2014				
Segment assets including properties	1,136,609	67,045	8,731	1,212,385
Total assets				1,212,385
2013				
Segment assets including properties	1,034,620	65,332	8,581	1,108,533
Total assets				1,108,533

FIRST REAL ESTATE INVESTMENT TRUST
2014 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

15. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business and geographical segments.**

Refer to the review of actual performance on paragraph 8.

16. **A breakdown of sales as follows:-**

	31 Dec 2014	31 Dec 2013	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	45,511	37,641	20.9
Total return after income tax for first half year	29,187	49,015	(40.5)
Total return after income tax but before change in fair values of investment properties net of deferred tax for first half year	25,444	21,036	21.0
Gross revenue reported for second half year	47,744	45,639	4.6
Total return after income tax for second half year	61,416	68,817	(10.8)
Total return after income tax but before change in fair values of investment properties net of deferred tax for second half year	24,995	23,795	5.0

17. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows :**

	Latest Full Year	Previous Full Year
	\$'000	\$'000
Distribution to unitholders	57,210	42,794

18. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual, Bowsprit Capital Corporation Limited (the "**Company**"), as manager of First Real Estate Investment Trust ("**First REIT**") wishes to confirm that there was no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company or Substantial Unitholder of First REIT for the financial year ended 31 December 2014.

19. 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 December 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 December 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.

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
15 January 2015
