
**FIRST REAL ESTATE INVESTMENT TRUST
2016 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 seventeen 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) Siloam Hospitals Kupang & Lippo Plaza Kupang, 14) Pacific Healthcare Nursing Home @ Bukit Merah, 15) Pacific Healthcare Nursing Home II @ Bukit Panjang, 16) The Lentor Residence and 17) 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. The Lippo Plaza Kupang is managed by PT Lippo Malls Indonesia. 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 The 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					
	Quarter			Year-to-date		
	3Q 2016	3Q 2015	Change	30 Sep 2016	30 Sep 2015	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	26,929	25,288	6.5%	80,029	75,023	6.7%
Net Property Income	26,621	25,044	6.3%	79,149	73,902	7.1%
Distributable Amount	16,341	15,604	4.7%	48,778	46,256	5.5%
Distribution per unit (cts)	2.12	2.08	1.9%	6.34	6.21	2.1%
Annualised Distribution per unit (cts)	8.47	8.30 ¹	2.0%	8.47	8.30 ¹	2.0%

Note:

- 1) Actual distribution paid for FY 2015.

Distribution Details

Distribution	1 July 2016 to 30 September 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.12 cents per unit (a) Taxable income distribution - 0.08 cents per unit (b) Tax-exempt income distribution - 1.14 cents per unit (c) Capital distribution - 0.90 cents per unit
Book closure date	27 October 2016 at 5.00 pm
Ex-dividend date	25 October 2016 at 9.00 am
Payment date	29 November 2016

Distribution Reinvestment Plan ("DRP")

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 previous DRPs) on 27 October 2016.

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		
Note	3Q 2016	3Q 2015	Change	30 Sep 2016	30 Sep 2015	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	26,929	25,288	6.5%	80,029	75,023	6.7%	
1	(308)	(244)	26.2%	(880)	(1,121)	(21.5%)	
	26,621	25,044	6.3%	79,149	73,902	7.1%	
2	346	78	343.6%	798	181	340.9%	
	(2,654)	(2,495)	6.4%	(7,899)	(7,339)	7.6%	
	(100)	(93)	7.5%	(297)	(277)	7.2%	
	(4,266)	(4,146)	2.9%	(13,564)	(12,211)	11.1%	
3	(274)	(1,725)	(84.1%)	(1,544)	(2,615)	(41.0%)	
	19,673	16,663	18.1%	56,643	51,641	9.7%	
	-	-	-	512	-	NM	
4	(89)	1,439	NM	(3,183)	1,740	NM	
	19,584	18,102	8.2%	53,972	53,381	1.1%	
5	(4,288)	(3,892)	10.2%	(13,082)	(11,708)	11.7%	
	15,296	14,210	7.6%	40,890	41,673	(1.9%)	
	110	527	(79.1%)	(442)	678	NM	
	15,406	14,737	4.5%	40,448	42,351	(4.5%)	
	14,502	14,210	2.1%	40,096	41,673	(3.8%)	
	794	-	NM	794	-	NM	
	15,296	14,210	7.6%	40,890	41,673	(1.9%)	

Note:

NM – Not meaningful

The results for 3Q 2016 includes the full quarter contribution from Siloam Hospitals Kupang & Lippo Plaza Kupang ("Kupang Property") which was acquired in December 2015.

- 1) Property operating expenses for 3Q 2016 increased to S\$0.3 million compared to 3Q 2015 mainly due to higher valuation expenses and building audit expenses.
- 2) Interest income for 3Q 2016 increased to S\$346,000 compared to 3Q 2015 mainly due to the return from the first progress payment made in March 2016 for the development works on new Siloam Hospitals Surabaya.
- 3) Other expenses for 3Q 2016 decreased to S\$274,000 compared to 3Q 2015 mainly due to the higher unrealised exchange loss on USD loan and the one-off cost related to the Medium Term Notes (MTN) programme incurred in 3Q 2015.

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- 4) Net change in fair value of derivative financial instruments relates to the revaluation losses of the interest rate swap contracts.
- 5) Income tax expenses for 3Q 2016 increased to S\$4.3 million compared to 3Q 2015 mainly due to higher revenue and interest income.

1(a)(ii) Statement of Distribution

Note	Group					
	Quarter			Year-to-date		
	3Q 2016	3Q 2015	Change	30 Sep 2016	30 Sep 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	15,296	14,210	7.6%	40,890	41,673	(1.9%)
Total return for the period after income tax						
Adjustments for tax purposes:						
- Manager's management fees settled in units	1,600	1,613	(0.8%)	5,275	4,885	8.0%
- Net change in fair value of derivative financial instruments	89	(1,439)	NM	3,183	(1,740)	NM
- Gain on divestment of investment property, net of tax	-	-	-	(122)	-	NM
- Costs related to proposed transaction of Siloam Hospitals Surabaya	-	-	-	787	-	NM
- Costs related to MTN Programme	-	306	NM	581	306	89.9%
- Amount reserved for distribution to perpetual securities holders	(794)	-	NM	(794)	-	NM
- Foreign exchange adjustment loss/(gain)	218	1,101	(80.2%)	(675)	1,424	NM
- Others	(68)	(187)	(63.6%)	(347)	(292)	18.8%
Total available for distribution to Unitholders	16,341	15,604	4.7%	48,778	46,256	5.5%
Unitholders' distribution:						
- as distribution from operations	9,467	8,805	7.5%	28,120	27,549	2.1%
- as distribution of Unitholders' capital contribution	6,874	6,799	1.1%	20,658	18,707	10.4%
Distributable amount to Unitholders	16,341	15,604	4.7%	48,778	46,256	5.5%

Note:

NM – Not meaningful

- 1) On 8 July 2016, the Trust issued S\$60.0 million of subordinated perpetual securities. The perpetual securities confer a right to receive distribution payments at the rate of 5.68% per annum, with the first distribution rate reset falling on 8 July 2021 and subsequent resets occurring every five years thereafter. Distributions under the perpetual securities will be payable semi-annually in arrears on 8 January and 8 July in each year on a discretionary basis. Any distribution unpaid will be non-cumulative in accordance with the terms and conditions of the perpetual securities.

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1(b)(i) Statements of Financial Position

Note	Group		Trust	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Non-current Assets				
1	1,260,448	1,268,306	37,996	37,900
	-	-	741,394	748,258
	-	-	50,350	53,330
	754	754	754	754
	-	2,131	-	2,131
	1,261,202	1,271,191	830,494	842,373
Current Assets				
2	29,771	14,512	4,279	2,453
	-	-	4,191	4,823
	2,650	2,632	604	328
	37,861	26,827	30,179	23,606
	70,282	43,971	39,253	31,210
	1,331,484	1,315,162	869,747	873,583
Unitholders' Funds and Liabilities				
Represented by:				
	427,828	439,045	427,828	439,045
	363,154	350,507	(46,008)	(37,608)
	1,107	1,549	-	-
	792,089	791,101	381,820	401,437
3	60,019	-	60,019	-
	852,108	791,101	441,839	401,437
Non-current Liabilities				
	42,104	42,104	-	-
4	396,045	398,291	396,045	398,291
	1,052	-	1,052	-
	439,201	440,395	397,097	398,291
Current Liabilities				
	2,050	778	-	-
	16,623	17,360	28,918	27,716
4	-	44,274	-	44,274
	21,502	21,254	1,893	1,865
	40,175	83,666	30,811	73,855
	479,376	524,061	427,908	472,146
	1,331,484	1,315,162	869,747	873,583

Note:

- Investment properties decreased from S\$1,268.3 million to S\$1,260.4 million mainly due to divestment of Plot B of existing Siloam Hospitals Surabaya in 1Q 2016.
- Trade and other receivables increased from S\$14.5 million to S\$29.8 million mainly due to the first progress payment for the development works on new Siloam Hospitals Surabaya.

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- 3) On 8 July 2016, the Trust issued S\$60.0 million of fixed rate perpetual securities. The perpetual securities may be redeemed at the option of the Trust in whole, but not in part, on 8 July 2021 or each successive date falling every five years thereafter and otherwise upon the occurrence of certain redemption events specified in the terms and conditions of the issuance. The perpetual securities, net of issuance costs and includes amount reserved for distribution to the perpetual securities holders, are classified as equity instruments and recorded as equity in the Statements of Changes in Unitholders' Funds.
- 4) Other financial liabilities, non-current and current decreased from S\$442.6 million to S\$396.0 million mainly due to issuance of perpetual securities to pare down existing loans partly offset by the drawdown of loan to part finance the first progress payment for the development works on new Siloam Hospitals Surabaya.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year				
Secured	289,902	302,577	289,902	302,577
Unsecured	110,000	100,000	110,000	100,000
Less: Transaction costs	(3,857)	(4,286)	(3,857)	(4,286)
Total Borrowings, Non-current	396,045	398,291	396,045	398,291
Amount repayable within one year				
Secured*	-	45,000	-	45,000
Unsecured	-	-	-	-
Less: Transaction costs	-	(726)	-	(726)
Total Borrowings, Current	-	44,274	-	44,274

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 Surabaya and Siloam Sriwijaya.
- (b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, Surabaya Hospitals Investment Pte Ltd, PT Prima Labuan Bajo, Icon1 Holdings Pte Ltd, SHLB Investment I Pte Ltd and SHLB Investment II Pte Ltd.

Interest Rate Swaps

First REIT has entered into interest rate swaps to hedge the floating rate loan facilities with banks. The change in fair value of the interest rate swaps were recognised in the Statement of Total Return.

Note:

- * For FY 2015, the total borrowings, current relates to 4-years and 5-years revolving credit facilities from a bank which are due on December 2019 and May 2020 respectively.

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1(c) Statement of Cash Flows

	Group		
	3Q 2016	3Q 2015	
	<u>S\$'000</u>	<u>S\$'000</u>	
Cash flows from operating activities			
Total return before income tax	19,584	18,102	
Interest income	(346)	(78)	
Interest expense	3,806	3,813	
Amortisation of borrowing costs	460	333	
Foreign exchange adjustment losses	218	1,101	
Net change in fair value on derivative financial instruments	89	(1,439)	
Manager's management fees settled in units	802	1,613	
Operating cash flows before changes in working capital	24,613	23,445	
Trade and other receivables, current	1,651	(1,847)	
Other assets, current	44	33	
Trade and other payables, current	1,305	(461)	
Other liabilities, current	(144)	(285)	
Net cash flows from operating activities before income tax	27,469	20,885	
Income taxes paid	(3,783)	(2,438)	
Net cash flows from operating activities	23,686	18,447	
Cash flows from investing activities			
Interest received	332	95	
Increase in investment properties	(41)	(18)	
Net cash flows from investing activities	291	77	
Cash flows from financing activities			
Proceeds from issuance of perpetual securities	1	60,000	-
Issue costs for perpetual securities		(775)	-
Repayment of borrowings	2	(57,000)	-
Interest paid		(4,053)	(3,945)
Distribution to Unitholders		(16,237)	(12,300)
Net cash flows used in financing activities		(18,065)	(16,245)
Net increase in cash and cash equivalents		5,912	2,279
Cash and cash equivalents at beginning of the period		31,949	35,455
Cash and cash equivalents at end of the period		37,861	37,734

Note:

- 1) This relates to the issuance of perpetual securities in July 2016.
- 2) The repayment of borrowings is funded through the net proceeds from the issuance of perpetual securities.

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

	Group	
	30 Sep 2016	30 Sep 2015
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	53,972	53,381
Interest income	(798)	(181)
Interest expense	12,281	11,184
Amortisation of borrowing costs	1,283	1,027
Foreign exchange adjustment (gain)/loss	(675)	1,424
Gain on divestment of investment property	(512)	-
Net change in fair value on derivative financial instruments	3,183	(1,740)
Manager's management fees settled in units	2,639	4,885
Operating cash flows before changes in working capital	71,373	69,980
Trade and other receivables, current	2,647	(3,690)
Other assets, current	(18)	48
Trade and other payables, current	533	(2,051)
Other liabilities, current	248	(628)
Net cash flows from operating activities before income tax	74,783	63,659
Income taxes paid	(11,809)	(8,866)
Net cash flows from operating activities	62,974	54,793
Cash flows from investing activities		
Interest received	792	212
Increase in investment properties	(97)	(70)
Payment of progress payment - other receivables	1 (18,035)	-
Net cash flows (used in)/from investing activities	(17,340)	142
Cash flows from financing activities		
Increase in borrowings	2 9,945	-
Net proceeds from divestment of investment property	3 8,161	-
Proceeds from issuance of perpetual securities	4 60,000	-
Issue costs for perpetual securities	(775)	-
Repayment of borrowings	5 (57,000)	-
Interest paid	(12,607)	(10,044)
Distribution to Unitholders	(42,324)	(35,387)
Net cash flows used in financing activities	(34,600)	(45,431)
Net increase in cash and cash equivalents	11,034	9,504
Cash and cash equivalents at beginning of the period	26,827	28,230
Cash and cash equivalents at end of the period	37,861	37,734

Note:

- 1) The payment of progress payment - other receivables relates to the first progress payment made for the development works on the new Siloam Hospitals Surabaya.
- 2) The increase in borrowings is due to the loan drawdown to part finance the first progress payment for the development works on the new Siloam Hospitals Surabaya.
- 3) The net proceeds from divestment of investment property relates to the divestment of Plot B of existing Siloam Hospitals Surabaya.
- 4) This relates to the issuance of perpetual securities in July 2016.
- 5) The repayment of borrowings is funded through the net proceeds from the issuance of perpetual securities.

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

Note	Group		Trust	
	3Q 2016	3Q 2015	3Q 2016	3Q 2015
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	792,793	759,100	389,670	396,251
<u>Operations</u>				
Total return after tax	15,296	14,210	8,260	7,218
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	110	527	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	921	1,587	921	1,587
Issuance of units (DRP)	-	3,133	-	3,133
Amount reserved for distribution to perpetual securities holders	(794)	-	(794)	-
Distribution to Unitholders	(16,237)	(15,433)	(16,237)	(15,433)
Balance at end of the financial period	792,089	763,124	381,820	392,756
<u>Perpetual Securities Holders' Fund</u>				
Issue of perpetual securities	60,000	-	60,000	-
Issue costs	(775)	-	(775)	-
Amount reserved for distribution to perpetual securities holders	794	-	794	-
Balance at end of the financial period	60,019	-	60,019	-
Total	852,108	763,124	441,839	392,756

	Group		Trust	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	791,101	744,950	401,437	394,273
<u>Operations</u>				
Total return after tax	40,890	41,673	19,843	22,660
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(442)	678	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	3,658	5,210	3,658	5,210
Purchase consideration of investment property paid in units	-	6,000	-	6,000
Issuance of units (DRP)	5,787	10,186	5,787	10,186
Amount reserved for distribution to perpetual securities holders	(794)	-	(794)	-
Distribution to Unitholders	(48,111)	(45,573)	(48,111)	(45,573)
Balance at end of the financial period	792,089	763,124	381,820	392,756
<u>Perpetual Securities Holders' Fund</u>				
Issue of perpetual securities	60,000	-	60,000	-
Issue costs	(775)	-	(775)	-
Amount reserved for distribution to perpetual securities holders	794	-	794	-
Balance at end of the financial period	60,019	-	60,019	-
Total	852,108	763,124	441,839	392,756

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Note:

- 1) On 8 July 2016, the Trust issued S\$60.0 million of subordinated perpetual securities. The perpetual securities confer a right to receive distribution payments at the rate of 5.68% per annum, with the first distribution rate reset falling on 8 July 2021 and subsequent resets occurring every five years thereafter. Distributions under the perpetual securities will be payable semi-annually in arrears on 8 January and 8 July in each year on a discretionary basis. Any distribution unpaid will be non-cumulative in accordance with the terms and conditions of the perpetual securities.

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

	Trust			
	Quarter		Year-to-date	
	3Q 2016	3Q 2015	30 Sep 2016	30 Sep 2015
Balance at beginning of period	768,793,873	744,640,464	761,567,027	731,702,488
Unitholders transactions:				
- Manager's management fees paid in units	742,469	1,126,390	3,023,680	3,924,525
- Purchase consideration paid in units	-	-	-	4,804,612
- Manager's divestment fee paid in units	-	-	31,148	-
- Issuance of units (DRP)	-	2,283,417	4,914,487	7,618,646
Balance at end of period	769,536,342	748,050,271	769,536,342	748,050,271
New units to be issued				
- Manager's management fees payable in units	587,134	1,270,828	587,134	1,270,828
Total issued and issuable units	770,123,476	749,321,099	770,123,476	749,321,099

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 2016	31 Dec 2015
Issued units at end of period/year	769,536,342	761,567,027

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 2015.

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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		Year-to-date	
	3Q 2016	3Q 2015	30 Sep 2016	30 Sep 2015
<u>Earnings per unit</u>				
Weighted average number of units in issue	769,431,428	743,672,559	766,982,316	742,653,146
<u>Earnings per unit in cents</u>				
Basic and fully diluted basis	1.99	1.91	5.33	5.61
<u>Distribution per unit</u>				
Number of units in issue	769,536,342	748,050,271	769,536,342	748,050,271
<u>Distribution per unit in cents</u>				
Based on the number of units in issue at the end of the period	2.12	2.08	6.34	6.21

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

	Group		Trust	
	30 Sep 2016	31 Dec 2015	30 Sep 2016	31 Dec 2015
Net asset value per unit (cents)	102.93	103.88	49.62	52.71

8. **Review of the performance**

3Q 2016 vs 3Q 2015

The results for this quarter includes the full quarter contribution from First REIT's latest property, Siloam Hospitals Kupang & Lippo Plaza Kupang ("Kupang Property") which was acquired in December 2015.

Gross revenue for 3Q 2016 increased by 6.5% to S\$26.9 million compared to 3Q 2015, mainly due to contribution from Kupang Property.

Property operating expenses for 3Q 2016 increased by 26.2% to S\$308,000 compared to 3Q 2015, mainly due to higher valuation expenses and building audit expenses.

Interest income for 3Q 2016 increased to S\$346,000 compared to 3Q 2015, mainly due to the return from the first progress payment for the development works on new Siloam Hospitals Surabaya.

Manager's management fees for 3Q 2016 increased by 6.4% to S\$2.7 million compared to 3Q 2015, mainly due to higher net property income and total assets.

Trustee fees for 3Q 2016 increased by 7.5% to S\$99,000 compared to 3Q 2015, mainly due to the higher total assets.

Finance costs for 3Q 2016 increased by 2.9% to S\$4.3 million compared to 3Q 2015, mainly due to higher loan amounts to part finance the acquisition of Kupang Property and the first progress payment for the development works of new Siloam Hospitals Surabaya partly offset by loan repayment with the proceeds from the issuance of perpetual securities.

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Other expenses for 3Q 2016 decreased to S\$274,000 as compared to 3Q 2015, mainly due to higher unrealised exchange loss on USD loan and the one-off costs related to the MTN programme incurred in 3Q 2015.

Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

Income tax for 3Q 2016 increased by 10.2% to S\$4.3 million compared to 3Q 2015, mainly due to the higher rental and interest income.

9M 2016 vs 9M 2015

Gross revenue for 9M 2016 increased by 6.7% to S\$80.0 million compared to 9M 2015, mainly due to contribution from Kupang Property.

Property operating expenses for 9M 2016 decreased by 21.5% to S\$0.9 million compared to 9M 2015, mainly due to the lower expenses incurred for Sarang Hospital partly offset by land title renewal costs for an Indonesia property, higher valuation expenses and building audit expenses.

Interest income for 9M 2016 increased to S\$798,000 compared to 9M 2015, mainly due to the return from the first progress payment for the development works on new Siloam Hospitals Surabaya.

Manager's management fees for 9M 2016 increased by 7.6% to S\$7.9 million compared to 9M 2015, mainly due to the higher net property income and total assets.

Trustee fees for 9M 2016 increased by 7.2% to S\$297,000 compared to 9M 2015, mainly due to the higher total assets.

Finance costs for 9M 2016 increased by 11.1% to S\$13.6 million compared to 9M 2015, mainly due to higher loan amounts to part finance the acquisition of Kupang Property and the first progress payment for the development works of new Siloam Hospitals Surabaya partly offset by loan repayment with the proceeds from issuance of perpetual securities.

Other expenses for 9M 2016 decreased to S\$1.5 million compared to 9M 2015, mainly due to unrealised exchange loss incurred in 9M 2015 partly offset by MTN related costs and costs incurred for proposed transaction for Siloam Hospitals Surabaya.

Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.

Income tax for 9M 2016 increased by 11.7% to S\$13.1 million compared to 9M 2015, mainly due to the higher rental income and tax incurred for the divestment of Plot B of existing Siloam Hospitals Surabaya.

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

Indonesia's gross domestic product ("GDP") grew 5.18% year-on-year ("y-o-y") in the second quarter of 2016, beating analysts' forecasts and accelerating strongly from the (downward revised) 4.91% y-o-y GDP growth pace that was recorded in the preceding quarter. One of the key drivers for the growth was the government spending which accelerated markedly from 2.94% y-o-y in Q1-2016 to 6.28% y-o-y in Q2-2016¹. With the improving economy, the growing ageing population and the on-going national health insurance scheme, the healthcare sector in Indonesia is expected to continue with its growth momentum.

First REIT's Sponsor, PT Lippo Karawaci Tbk, has also continued to expand its healthcare portfolio to a strong pipeline of 42 hospitals, which presents opportunities for the Trust to make further yield-accretive acquisitions.

¹ Indonesia-Investments, 5 August 2016, 'Indonesian Economy: GDP Growth at 5.18% in Q2-2016', <http://www.indonesia-investments.com/news/todays-headlines/indonesian-economy-gdp-growth-at-5.18-in-q2-2016/item7073>

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 2016 to 30 September 2016

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.14
Capital	0.90
Total	2.12

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 previous DRPs) on 27 October 2016.

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 July 2015 to 30 September 2015

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.09
Capital	0.91
Total	2.08

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 27 October 2016 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 25 October 2016 at 9.00am.

11(d) Date Payable: 29 November 2016

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 2016:

- 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 2016 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 that the Issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Manager do hereby confirms that it has procured undertakings from all the directors and executive.

16. 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
19 October 2016