
**FIRST REAL ESTATE INVESTMENT TRUST
2016 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 eighteen 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) Siloam Hospitals Labuan Bajo, 15) Pacific Healthcare Nursing Home @ Bukit Merah, 16) Pacific Healthcare Nursing Home II @ Bukit Panjang, 17) The Lentor Residence and 18) 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			Full Year		
	4Q 2016	4Q 2015	Change	31 Dec 2016	31 Dec 2015	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	26,988	25,675	5.1%	107,017	100,698	6.3%
Net Property Income	26,686	25,374	5.2%	105,835	99,276	6.6%
Distributable Amount	16,514	15,711	5.1%	65,248	61,923	5.4%
Distribution per unit (cts)	2.13	2.09	1.9%	8.47	8.30 ¹	2.0%
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 October 2016 to 31 December 2016
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.13 cents per unit (a) Taxable income distribution - 0.07 cents per unit (b) Tax-exempt income distribution - 1.16 cents per unit (c) Capital distribution - 0.90 cents per unit
Book closure date	26 January 2017 at 5.00 pm
Ex-dividend date	24 January 2017 at 9.00 am
Payment date	28 February 2017

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 26 January 2017.

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			Full Year			
	Note	4Q 2016	4Q 2015	Change	31 Dec 2016	31 Dec 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Gross revenue		26,988	25,675	5.1%	107,017	100,698	6.3%
Property operating expenses		(302)	(301)	0.3%	(1,182)	(1,422)	(16.9%)
Net property income		26,686	25,374	5.2%	105,835	99,276	6.6%
Interest income	1	333	50	566.0%	1,131	231	389.6%
Manager's management fees		(2,685)	(2,542)	5.6%	(10,584)	(9,881)	7.1%
Trustee fees		(101)	(95)	6.3%	(398)	(372)	7.0%
Finance costs		(4,204)	(4,327)	(2.8%)	(17,768)	(16,538)	7.4%
Other expenses	2	(1,774)	(123)	NM	(3,318)	(2,738)	21.2%
Net income before the undernoted		18,255	18,337	(0.4%)	74,898	69,978	7.0%
Gain on divestment of investment property		-	-	-	512	-	NM
Net fair value (losses)/gains on investment properties	3	(8,915)	24,168	NM	(8,915)	24,168	NM
Net change in fair value of derivative financial instruments	4	934	391	138.9%	(2,249)	2,131	NM
Total return for the period/year before income tax		10,274	42,896	(76.0%)	64,246	96,277	(33.3%)
Income tax expense	5	(10,823)	(16,791)	(35.5%)	(23,905)	(28,499)	(16.1%)
Total return for the period/year after income tax		(549)	26,105	NM	40,341	67,778	(40.5%)
Other comprehensive income:							
Exchange differences on translating foreign operations, net of tax		585	(80)	NM	143	598	(76.1%)
Total comprehensive income for the period/year		36	26,025	(99.9%)	40,484	68,376	(40.8%)
Attributable:							
Unitholders		(1,408)	26,105	NM	38,688	67,778	(42.9%)
Perpetual securities holders		859	-	NM	1,653	-	NM
Total return for the period/year after income tax		(549)	26,105	NM	40,341	67,778	(40.5%)

Note:

NM – Not meaningful

The results for 4Q 2016 includes the full quarter contribution from Siloam Hospitals Kupang & Lippo Plaza Kupang ("Kupang Property") which was acquired in December 2015, but it did not take into account the recent acquisition of Siloam Hospitals Labuan Bajo which was completed on 30 December 2016.

- 1) Interest income for 4Q 2016 increased to S\$333,000 compared to 4Q 2015 mainly due to the return from the first progress payment made in March 2016 for the development works on the new Siloam Hospitals Surabaya.
- 2) Other expenses for 4Q 2016 increased to S\$1.8 million compared to 4Q 2015 mainly due to the higher unrealised exchange loss from the USD loan and higher project expenses.

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- 3) Net fair value losses on investment properties for 4Q 2016 of S\$8.9 million was mainly due to prudent approach adopted by the Trust as a result of the negative Singapore Consumer Price Index for the recent years.
- 4) Net change in fair value of derivative financial instruments for 4Q 2016 relates to the revaluation gains on the interest rate swap contracts.
- 5) Income tax expenses for 4Q 2016 decreased to S\$10.8 million compared to 4Q 2015 mainly due to lower provision for deferred taxation partly offset by higher current tax expenses.

1(a)(ii) Statement of Distribution

	Note	Group					
		Quarter			Full Year		
		4Q 2016	4Q 2015	Change	31 Dec 2016	31 Dec 2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Total return for the period/year after income tax		(549)	26,105	NM	40,341	67,778	(40.5%)
Adjustments for tax purposes:							
- Manager's management fees settled in units		1,873	1,821	2.9%	7,148	6,706	6.6%
- Net fair value losses/(gains) on of investment properties, net of deferred tax		15,444	(11,326)	NM	15,444	(11,326)	NM
- Net change in fair value of derivative financial instruments		(934)	(391)	138.9%	2,249	(2,131)	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		-	-	NM	581	-	NM
- Amount reserved for distribution to perpetual securities holders	1	(859)	-	NM	(1,653)	-	NM
- Foreign exchange adjustment losses/(gain)		1,136	(141)	NM	461	1,283	(64.1%)
- Others		403	(357)	NM	12	(387)	NM
Total available for distribution to Unitholders		16,514	15,711	5.1%	65,248	61,923	5.4%
Unitholders' distribution:							
- as distribution from operations		9,572	8,907	7.5%	37,648	36,412	3.4%
- as distribution of Unitholders' capital contribution		6,942	6,804	2.0%	27,600	25,511	8.2%
Distributable amount to Unitholders		16,514	15,711	5.1%	65,248	61,923	5.4%

Note:

NM – Not meaningful

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- 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 as stated in the terms and conditions of the perpetual securities.

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current Assets					
Investment properties	1	1,273,159	1,268,306	36,800	37,900
Investments in subsidiaries	1	-	-	756,461	748,258
Loan receivable, non-current		-	-	49,138	53,330
Deferred tax assets	2	971	754	971	754
Other receivable, non-current	3	18,035	-	-	-
Derivative financial instruments		98	2,131	98	2,131
Total non-current assets		1,292,263	1,271,191	843,468	842,373
Current Assets					
Trade and other receivables, current		11,754	14,512	7,270	2,453
Loan receivable, current		-	-	4,191	4,823
Other assets, current		3,680	2,632	51	328
Cash and cash equivalents		33,576	26,827	22,719	23,606
Total current assets		49,010	43,971	34,231	31,210
Total Assets		1,341,273	1,315,162	877,699	873,583
Unitholders' Funds and Liabilities					
Represented by:					
Issued equity		423,654	439,045	423,654	439,045
Retained earnings/(Accumulated losses)		352,355	350,507	(49,418)	(37,608)
Foreign exchange reserve		1,692	1,549	-	-
Unitholders' Funds		777,701	791,101	374,236	401,437
Perpetual Securities holders' fund	4	60,878	-	60,878	-
		838,579	791,101	435,114	401,437
Non-current Liabilities					
Deferred tax liabilities	2	48,849	42,104	-	-
Other financial liabilities, non-current	5	271,642	398,291	271,642	398,291
Derivative financial instruments		216	-	216	-
Total non-current liabilities		320,707	440,395	271,858	398,291
Current Liabilities					
Income tax payable		1,194	778	-	-
Trade and other payables, current		16,879	17,360	26,872	27,716
Other financial liabilities, current	5	141,967	44,274	141,967	44,274
Other liabilities, current		21,947	21,254	1,888	1,865
Total current liabilities		181,987	83,666	170,727	73,855
Total Liabilities		502,694	524,061	442,585	472,146
Total Unitholders' Funds and Liabilities		1,341,273	1,315,162	877,699	873,583

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1(b)(i) Statements of Financial Position (Cont'd)

Note:

- 1) Investment properties increased from S\$1,268.3 million to S\$1,273.2 million and investment in subsidiaries increased from S\$748.3 million to S\$756.5 million mainly due to acquisition of Siloam Hospitals Labuan Bajo in December 2016.
- 2) Deferred tax assets and deferred tax liabilities increased mainly due to higher write back and provision of deferred tax.
- 3) Other receivable, non-current relates the first progress payment for the development of new Siloam Hospitals Surabaya.
- 4) 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. The perpetual securities, net of issuance costs and includes amount reserved for distribution to the perpetual securities holders, are classified as equity in the Statements of Changes in Unitholders' Funds.
- 5) Other financial liabilities, non-current and current decreased from S\$442.6 million to S\$413.6 million mainly due to repayment arising from the funds obtained in the issuance of perpetual securities partly offset by the drawdown of loan to part finance the first progress payment for the development works on new Siloam Hospitals Surabaya and the acquisition of Siloam Hospitals Labuan Bajo in December 2016.

1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	31 Dec 2016	31 Dec 2015	31 Dec 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	164,474	302,577	164,474	302,577
Unsecured	110,000	100,000	110,000	100,000
Less: Transaction costs	(2,832)	(4,286)	(2,832)	(4,286)
Total Borrowings, Non-current	271,642	398,291	271,642	398,291
Amount repayable within one year				
Secured (Note 1)	142,563	45,000	142,563	45,000
Unsecured	-	-	-	-
Less: Transaction costs	(596)	(726)	(596)	(726)
Total Borrowings, Current	141,967	44,274	141,967	44,274

Note:

- 1) For FY 2016, the total borrowings, current relates to several term loan facilities that will be due in November and December 2017. The Trust is in discussion with banks to refinance these loans.

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

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1(b)(ii) Borrowings and Debt Securities (Cont'd)

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, Siloam Sriwijaya and Siloam Hospitals Labuan Bajo.
- (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 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.

1(c) Statement of Cash Flows

	Group	
	4Q 2016	4Q 2015
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	10,274	42,896
Other income	(333)	(50)
Interest expense	3,763	3,919
Amortisation of borrowing costs	441	408
Foreign exchange adjustment losses/(gains)	1,136	(141)
Decrease/(increase) in fair value of investment properties	8,915	(24,168)
Net change in fair value on derivative financial instruments	(934)	(391)
Manager's management fees settled in units	939	1,821
Operating cash flows before changes in working capital	24,201	24,294
Trade and other receivables, current	30	496
Other assets, current	(1,030)	(2,432)
Trade and other payables, current	(13)	2,620
Other liabilities, current	445	999
Net cash flows from operating activities before income tax	23,633	25,977
Income taxes paid	(5,151)	(6,459)
Net cash flows from operating activities	18,482	19,518
Cash flows from investing activities		
Interest received	355	14
Increase in investment properties	(21,111)	(56,472)
Net cash flows used in investing activities	(20,756)	(56,458)
Cash flows from financing activities		
Increase in borrowings	16,000	44,274
Interest paid	(3,606)	(3,580)
Distribution to Unitholders	(14,405)	(14,661)
Net cash flows (used in)/from financing activities	(2,011)	26,033
Net decrease in cash and cash equivalents	(4,285)	(10,907)
Cash and cash equivalents at beginning of the period	37,861	37,734
Cash and cash equivalents at end of the period	33,576	26,827

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

Note:

- 1) The increase in investment properties for 4Q 2016 and 4Q 2015 relates to the acquisition of Siloam Hospitals Labuan Bajo in December 2016 and Kupang Property in December 2015.
- 2) The increase in borrowings for 4Q 2016 is due to the loan drawdown to part finance the acquisition of Siloam Hospitals Labuan Bajo in December 2016, whilst for 4Q 2015 is due to the loan drawdown to part finance the acquisition of Kupang Property in December 2015.

	Group	
	31 Dec 2016	31 Dec 2015
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	64,246	96,277
Other income	(1,131)	(231)
Interest expense	16,044	15,103
Amortisation of borrowing costs	1,724	1,435
Foreign exchange adjustment loss	461	1,283
Gain on divestment of investment property	(512)	-
Decrease/(increase) in fair value of investment properties	8,915	(24,168)
Net change in fair value on derivative financial instruments	2,249	(2,131)
Manager's management fees settled in units	3,578	6,706
Operating cash flows before changes in working capital	95,574	94,274
Trade and other receivables, current	2,677	(5,503)
Other assets, current	(1,048)	(75)
Trade and other payables, current	520	569
Other liabilities, current	693	371
Net cash flows from operating activities before income tax	98,416	89,636
Income taxes paid	(16,960)	(15,325)
Net cash flows from operating activities	81,456	74,311
Cash flows from investing activities		
Interest received	1,147	226
Increase in investment properties	1 (21,208)	(56,542)
Payment of progress payment - other receivables	2 (18,035)	-
Net cash flows used in investing activities	(38,096)	(56,316)
Cash flows from financing activities		
Increase in borrowings	3 25,945	70,774
Net proceeds from divestment of investment property	4 8,161	-
Proceeds from issuance of perpetual securities	5 60,000	-
Issue costs for perpetual securities	(775)	-
Repayment of borrowings	6 (57,000)	(26,500)
Interest paid	(16,213)	(13,624)
Distribution to Unitholders	(56,729)	(50,048)
Net cash flows used in financing activities	(36,611)	(19,398)
Net increase/(decrease) in cash and cash equivalents	6,749	(1,403)
Cash and cash equivalents at beginning of the year	26,827	28,230
Cash and cash equivalents at end of the year	33,576	26,827

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

Note:

- 1) The increase in investment properties for FY 2016 and FY 2015 relates to the acquisition of Siloam Hospitals Labuan Bajo in December 2016 and Kupang Property in December 2015.
- 2) The payment of progress payment - other receivables relates to the first progress payment made for the development works on the new Siloam Hospitals Surabaya.
- 3) The increase in borrowings for FY 2016 is due to the loan drawdown to part finance the first progress payment for the development works on the new Siloam Hospitals Surabaya and acquisition of Siloam Hospitals Labuan Bajo, whilst for FY 2015 is due to the loan drawdown to part finance the acquisition of Kupang Property in December 2015.
- 4) The net proceeds from divestment of investment property relates to the divestment of Plot B of existing Siloam Hospitals Surabaya.
- 5) This relates to the issuance of perpetual securities in July 2016.
- 6) The repayment of borrowings is funded through the net proceeds from the issuance of perpetual securities.

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

Note	Group		Trust	
	4Q 2016	4Q 2015	4Q 2016	4Q 2015
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	792,128	763,124	381,859	392,756
<u>Operations</u>				
Total return after tax	(549)	26,105	6,840	6,729
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	585	(80)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	801	1,613	801	1,613
Purchase consideration of investment property paid in units	-	15,000	-	15,000
Issuance of units (DRP)	1,917	923	1,917	923
Amount reserved for distribution to perpetual securities holders	(859)	-	(859)	-
Distribution to Unitholders	(16,322)	(15,584)	(16,322)	(15,584)
Balance at end of the financial period	777,701	791,101	374,236	401,437
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial period	60,019	-	60,019	-
Amount reserved for distribution	859	-	859	-
Balance at end of the financial period	60,878	-	60,878	-
Total	838,579	791,101	435,114	401,437

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

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.

Note	Group		Trust	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the financial year	791,101	744,950	401,437	394,273
<u>Operations</u>				
Total return after tax	40,341	67,778	26,683	29,389
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	143	598	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	4,459	6,823	4,459	6,823
Manager's divestment fees paid in units	39	-	39	-
Purchase consideration of investment property paid in units	-	21,000	-	21,000
Issuance of units (DRP)	7,704	11,109	7,704	11,109
Amount reserved for distribution to perpetual securities holders	(1,653)	-	(1,653)	-
Distribution to Unitholders	(64,433)	(61,157)	(64,433)	(61,157)
Balance at end of the financial year	777,701	791,101	374,236	401,437
<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	1,653	-	1,653	-
Balance at end of the financial year	60,878	-	60,878	-
Total	838,579	791,101	435,114	401,437

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.

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

	Trust			
	Quarter		Full Year	
	4Q 2016	4Q 2015	31 Dec 2016	31 Dec 2015
Balance at beginning of period/year	769,536,342	748,050,271	761,567,027	731,702,488
Unitholders transactions:				
- Manager's management fees paid in units	587,134	1,270,828	3,610,814	5,195,353
- Purchase consideration paid in units	-	11,538,461	-	16,343,073
- Manager's divestment fee paid in units	-	-	31,148	-
- Issuance of units (DRP)	1,456,006	707,467	6,370,493	8,326,113
Balance at end of period/year	771,579,482	761,567,027	771,579,482	761,567,027
New units to be issued				
- Manager's management fees payable in units	741,009	1,537,408	741,009	1,537,408
Total issued and issuable units	772,320,491	763,104,435	772,320,491	763,104,435

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 2016	31 Dec 2015
	Issued units at end of period/year	771,579,482

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.

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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.

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 2016	4Q 2015	31 Dec 2016	31 Dec 2015
<u>Earnings per unit</u>				
Weighted average number of units in issue	770,008,602	747,290,483	767,874,301	744,925,432
<u>Earnings per unit in cents</u>				
Basic and fully diluted basis	(0.07)	3.49	5.25	9.10
<u>Distribution per unit</u>				
Number of units in issue	771,579,482	761,567,027	771,579,482	761,567,027
<u>Distribution per unit in cents</u>				
Based on the number of units in issue at the end of the period/year	2.13	2.09	8.47	8.30

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

	Group		Trust	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset value per unit (cents)	100.79	103.88	48.50	52.71

8. Review of the performance

4Q 2016 vs 4Q 2015

The results for this quarter includes the full quarter contribution from Siloam Hospitals Kupang & Lippo Plaza Kupang ("Kupang Property") which was acquired in December 2015, but it did not take into account the recent acquisition of Siloam Hospitals Labuan Bajo which was completed on 30 December 2016.

Gross revenue for 4Q 2016 increased by 5.1% to S\$27.0 million compared to 4Q 2015, mainly due to contribution from Kupang Property.

Interest income for 4Q 2016 increased to S\$333,000 compared to 4Q 2015, mainly due to the return from the progress payment for the development of new Siloam Hospitals Surabaya.

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Manager's management fees for 4Q 2016 increased by 5.6% to S\$2.7 million compared to 4Q 2015, mainly due to higher net property income and total assets.

Trustee fees for 4Q 2016 increased by 6.3% to S\$101,000 compared to 4Q 2015, mainly due to the higher total assets.

Other expenses for 4Q 2016 increased to S\$1.8 million as compared to 4Q 2015, mainly due to higher unrealised exchange loss on USD loan and higher project expenses.

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

Income tax for 4Q 2016 decreased by 35.5% to S\$10.8 million compared to 4Q 2015, mainly due to lower provision for deferred taxation on fair value on investment properties partly offset by higher income tax expenses.

Total return after tax for 4Q 2016 decreased as compared to 4Q 2015, mainly due to the fair value losses on revaluation of investment properties. Excluding fair value losses/gains on revaluation of investment properties net of deferred tax, net changes in fair value of derivative financial instruments and unrealised exchange loss/(gain) from USD loan, total return after tax for 4Q 2016 will increased by 6.0% to S\$15.1 million at S\$14.2 million compared to Q4 2015 as the increased contribution from the newly acquired properties.

FY 2016 vs FY 2015

Gross revenue for FY 2016 increased by 6.3% to S\$107.0 million compared to FY 2015, mainly due to contribution from Kupang Property.

Property operating expenses for FY 2016 decreased by 16.9% to S\$1.2 million compared to FY 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 FY 2016 increased to S\$1.1 million compared to FY 2015, mainly due to the return from the progress payment for the development of new Siloam Hospitals Surabaya.

Manager's management fees for FY 2016 increased by 7.1% to S\$10.6 million compared to FY 2015, mainly due to the higher net property income and total assets.

Trustee fees for FY 2016 increased by 7.0% to S\$398,000 compared to FY 2015, mainly due to the higher total assets.

Finance costs for FY 2016 increased by 7.4% to S\$17.8 million compared to FY 2015, mainly due to higher loan amounts to part finance the acquisition of Kupang Property and the progress payment for the development of new Siloam Hospitals Surabaya, partly offset by loan repayment with the proceeds from issuance of perpetual securities.

Other expenses for FY 2016 increased by 21.2% to S\$3.3 million compared to FY 2015, mainly due to 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 FY 2016 decreased by 16.1% to S\$23.9 million compared to FY 2015, mainly due to lower provision for deferred taxation on the fair value on investment properties partly offset by the higher income tax incurred for the divestment of Plot B of existing Siloam Hospitals Surabaya.

Total return after tax for FY 2016 decreased by 40.5% to S\$40.3 million compared to FY 2015, mainly due to the fair value losses on revaluation of investment properties as well as net losses in fair value of derivative financial instruments. Excluding fair value losses/gains on revaluation of investment properties net of deferred tax, net changes in fair value of derivative financial instruments, unrealised exchange loss from USD loan and gain on divestment of Plot B of existing Siloam Hospitals Surabaya, total return after tax for FY 2016 increased by 5.0% to S\$58.4 million compared to FY 2015 of S\$55.6 million mainly due to contribution 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

Largely in line with market expectations, Indonesia's 3Q 2016 gross domestic product ("GDP") grew 5.02% year-on-year, slightly lower than the 5.18% growth achieved in 2Q 2016. The growth in 3Q 2016 was driven mainly by government spending cuts to reduce the budget deficit, offset by an increase in household spending and continued investments in infrastructure. Meanwhile, its robust healthcare sector is expected to be worth more than US\$50 billion by 2020¹. With the influx of foreign players, the race by local players to shift gear in preparation for faster growth and continuous investments from its government, especially with the full implementation of the national health insurance scheme covering 260 million Indonesians by 2019.

For First REIT, opportunities for further yield-accretive acquisitions in the healthcare sector remain strong with its right-of-first-refusal to the growing pipeline of 43 hospitals from its Sponsor, PT Lippo Karawaci Tbk.

¹ The Jakarta Post - Indonesia's health care industry is on the rise, 27 September 2016

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 2016 to 31 December 2016

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.16
Capital	0.90
Total	2.13

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 26 January 2017.

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 October 2015 to 31 December 2015

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.10
Capital	0.91
Total	2.09

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 2017 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 24 January 2017 at 9.00am.

11(d) Date Payable: 28 February 2017

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.

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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
2016				
Gross revenue	102,351	3,761	905	107,017
Net property income	101,734	3,318	783	105,835
Interest income	940	191	-	1,131
Manager's management fees				(10,584)
Trustee fees				(398)
Finance costs				(17,768)
Other trust expenses				(3,318)
Net income before undernoted				74,898
Gain on divestment of investment property	512	-	-	512
(Decrease)/increase in fair values of investment properties	(7,731)	(1,276)	92	(8,915)
Net losses in fair value of derivative financial instruments				(2,249)
Net income for the year before income tax				64,246
Income tax (expense)/income	(23,967)	217	(155)	(23,905)
Total return for the year after income tax				40,341
2015				
Gross revenue	96,126	3,687	885	100,698
Net property income	95,411	3,294	571	99,276
Interest income	23	208	-	231
Manager's management fees				(9,881)
Trustee fees				(372)
Finance costs				(16,538)
Other trust expenses				(2,738)
Net income before undernoted				69,978
Increase/(decrease) in fair values of investment properties	25,168	(1,000)	-	24,168
Net gains in fair value of derivative financial instruments				2,131
Net income for the year before income tax				96,277
Income tax (expense)/income	(28,488)	159	(170)	(28,499)
Total return for the year after income tax				67,778

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities				
2016				
Segment assets including properties	1,269,821	61,306	10,146	1,341,273
Total assets				1,341,273
2015				
Segment assets including properties	1,240,372	65,252	9,538	1,315,162
Total assets				1,315,162

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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 2016	31 Dec 2015	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	53,100	49,735	6.8
Total return after income tax for first half year	25,594	27,463	(6.8)
Total return after income tax but before change in fair values of investment properties net of deferred tax, net change in fair value of derivative financial instruments, unrealized exchange from USD loan and net gain on divestment of investment property for first half year	27,673	27,485	0.7
Gross revenue reported for second half year	53,917	50,963	5.8
Total return after income tax for second half year	26,071	40,315	(35.3)
Total return after income tax but before change in fair values of investment properties net of deferred tax, unrealized exchange from USD loan and net changes in fair value of derivative financial instruments for second half year	30,700	28,119	9.2

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	64,433	61,157

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 2016.

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 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 31 December 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.

20. 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.

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 January 2017
