

**FIRST REAL ESTATE INVESTMENT TRUST  
2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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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 Lantor 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 Lantor Residence is operated by The Lantor Residence Pte. Ltd. In South Korea, the Sarang Hospital is operated by a private doctor.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**Summary of First REIT's results**

	<b>Group</b>		
	<b>1Q 2017</b>	<b>1Q 2016</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Gross Revenue</b>	27,151	26,496	2.5%
<b>Net Property Income</b>	26,867	26,207	2.5%
Distributable Amount	16,593	16,197	2.4%
<b>Distribution per unit (cts)</b>	2.14	2.11	1.4%
Annualised Distribution per unit (cts)	8.68	8.47 <sup>1</sup>	2.5%

Note:

- 1) Actual distribution paid for FY 2016.

**Distribution Details**

<b>Distribution</b>	1 January 2017 to 31 March 2017
<b>Distribution type</b>	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
<b>Distribution rate</b>	Total: 2.14 cents per unit (a) Taxable income distribution - 0.07 cents per unit (b) Tax-exempt income distribution - 1.17 cents per unit (c) Capital distribution - 0.90 cents per unit
<b>Book closure date</b>	25 April 2017 at 5.00 pm
<b>Ex-dividend date</b>	21 April 2017 at 9.00 am
<b>Payment date</b>	26 May 2017

**Distribution Reinvestment Plan ("DRP")**

The DRP will not be applicable for this quarter. All Unitholders will be receiving 1Q 2017 DPU of Singapore 2.14 cents in cash, payable on 26 May 2017. The Manager may consider applying the DRP at a later date and Unitholders will be notified accordingly.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**1(a)(i) Statement of Total Return**

	Note	Group		
		1Q 2017	1Q 2016	Change
		S\$'000	S\$'000	%
<b>Gross revenue</b>		<b>27,151</b>	<b>26,496</b>	<b>2.5%</b>
Property operating expenses		(284)	(289)	(1.7%)
<b>Net property income</b>		<b>26,867</b>	<b>26,207</b>	<b>2.5%</b>
Interest income	1	310	121	156.2%
Manager's management fees		(2,658)	(2,615)	1.6%
Trustee fees		(98)	(98)	-
Finance costs	2	(4,295)	(4,621)	(7.1%)
Other income/(other expenses)	3	165	(934)	NM
<b>Net income before the undernoted</b>		<b>20,291</b>	<b>18,060</b>	<b>12.4%</b>
Gains on divestment of investment property	4	-	512	NM
Net change in fair value of derivative financial instruments	5	(409)	(2,525)	(83.8%)
<b>Total return for the period before income tax</b>		<b>19,882</b>	<b>16,047</b>	<b>23.9%</b>
Income tax expense	6	(4,274)	(4,534)	(5.7%)
<b>Total return for the period after income tax</b>		<b>15,608</b>	<b>11,513</b>	<b>35.6%</b>
<b>Other comprehensive income:</b>				
Exchange differences on translating foreign operations, net of tax		(413)	(547)	(24.5%)
<b>Total comprehensive return for the period</b>		<b>15,195</b>	<b>10,966</b>	<b>38.6%</b>
<b>Total return for the period after income tax attributable:</b>				
Unitholders		14,768	11,513	28.3%
Perpetual securities holders		840	-	NM
		<b>15,608</b>	<b>11,513</b>	<b>35.6%</b>

Note:

NM - Not meaningful

**The results for 1Q 2017 includes the full quarter contribution from Siloam Hospitals Labuan Bajo ("SHLB") which was acquired in December 2016.**

- 1) Interest income for 1Q 2017 increased to S\$310,000 compared to 1Q 2016 mainly due to the return from the first progress payment made in 1Q 2016 for the development works on new Siloam Hospitals Surabaya.
- 2) Finance costs for 1Q 2017 decreased to S\$4.3 million compared to 1Q 2016 mainly due to the lower loan amounts as a result of the issuance of perpetual securities to pare down the loan amounts in 3Q 2016.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

- 3) Other income for 1Q 2017 as compared to other expenses for 1Q 2016 mainly due to the absence of expenses for Multi-currency Medium Term Note ("MTN") exercise and the costs for Siloam Hospitals Surabaya transaction which were incurred in 1Q 2016.
- 4) Gains on divestment of investment property relates to the divestment of Plot B of the existing Siloam Hospitals Surabaya in 1Q 2016.
- 5) Net change in fair value of derivative financial instruments relates to the revaluation of interest rate swap contracts.
- 6) Income tax expenses for 1Q 2017 decreased to S\$4.3 million compared to 1Q 2016 mainly due to the tax paid in relation to the divestment of Plot B of existing Siloam Hospitals Surabaya in 1Q 2016.

**1(a)(ii) Statement of Distribution**

Note	Group		
	1Q 2017	1Q 2016	Change
	S\$'000	S\$'000	%
Total return for the period after income tax	15,608	11,513	35.6%
Adjustments for tax purposes:			
- Manager's management fees payable in units	2,446	1,833	33.4%
- Foreign exchange gains	(688)	(893)	(23.0%)
- Net change in fair value of derivative financial instruments	409	2,525	(83.8%)
- Gains on divestment of investment property net of tax	-	(122)	NM
- Costs related to Siloam Hospitals Surabaya transaction	-	787	NM
- Costs related to MTN exercise	-	554	NM
- Amount reserved for distribution to perpetual securities holders	(840)	-	NM
- Others	(342)	-	NM
<b>Total available for distribution to Unitholders</b>	<b>16,593</b>	<b>16,197</b>	<b>2.4%</b>
Unitholders' distribution:			
- as distributions from operations	9,620	9,225	4.3%
- as distribution of Unitholders' capital contribution	6,973	6,972	-
<b>Distribution amount to Unitholders</b>	<b>16,593</b>	<b>16,197</b>	<b>2.4%</b>

Note:

NM – Not meaningful

- 1) In 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.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**1(b)(i) Statements of Financial Position**

	Note	Group		Trust	
		31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Assets</b>					
<b>Non-current Assets</b>					
Investment properties		1,272,920	1,273,159	36,877	36,800
Investments in subsidiaries		-	-	750,679	756,461
Loan receivable, non-current		-	-	47,947	49,138
Other receivable, non-current		18,035	18,035	-	-
Deferred tax assets		971	971	971	971
Total non-current assets		1,291,926	1,292,165	836,474	843,370
<b>Current Assets</b>					
Trade and other receivables, current	1	18,184	11,754	8,257	7,270
Loan receivable, current		-	-	4,191	4,191
Other assets, current		3,731	3,680	65	51
Cash and cash equivalents		27,363	33,576	19,120	22,719
Total current assets		49,278	49,010	31,633	34,231
<b>Total Assets</b>		<b>1,341,204</b>	<b>1,341,175</b>	<b>868,107</b>	<b>877,601</b>
<b>Non-current Liabilities</b>					
Deferred tax liabilities		48,849	48,849	-	-
Other financial liabilities, non-current		271,925	271,642	271,925	271,642
Derivative financial instruments		526	118	526	118
Total non-current liabilities		321,300	320,609	272,451	271,760
<b>Current Liabilities</b>					
Income tax payable		1,664	1,194	-	-
Trade and other payable, current		14,251	16,879	22,536	26,872
Other financial liabilities, current		141,433	141,967	141,433	141,967
Other liabilities, current		22,418	21,947	1,920	1,888
Total current liabilities		179,766	181,987	165,889	170,727
<b>Total Liabilities</b>		<b>501,066</b>	<b>502,596</b>	<b>438,340</b>	<b>442,487</b>
<b>Net assets</b>		<b>840,138</b>	<b>838,579</b>	<b>429,767</b>	<b>435,114</b>
<b>Represented by:</b>					
Issued equity		421,232	423,654	421,232	423,654
Retained earnings/(accumulated losses)		357,627	352,355	(51,465)	(49,418)
Foreign exchange reserve		1,279	1,692	-	-
<b>Net assets attributable to unitholders</b>		<b>780,138</b>	<b>777,701</b>	<b>369,767</b>	<b>374,236</b>
Perpetual securities holders	2	60,000	60,878	60,000	60,878
<b>Net assets attributable to perpetual securities holders</b>		<b>60,000</b>	<b>60,878</b>	<b>60,000</b>	<b>60,878</b>
		<b>840,138</b>	<b>838,579</b>	<b>429,767</b>	<b>435,114</b>

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

Note:

- 1) Trade and other receivables increased from S\$11.8 million to S\$18.2 million mainly due to advance rental receivables from tenants.
- 2) In 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.

**1(b)(ii) Borrowings and Debt Securities**

	<b>Group &amp; Trust</b>	
	<b>31 Mar 2017</b>	<b>31 Dec 2016</b>
	<b><u>S\$'000</u></b>	<b><u>S\$'000</u></b>
<b>Amount repayable after one year</b>		
Secured	164,474	164,474
Unsecured	110,000	110,000
Less: Transaction costs	(2,549)	(2,832)
<b>Total Borrowings, Non-current</b>	<b>271,925</b>	<b>271,642</b>
<b>Amount repayable within one year</b>		
Secured (Note 1)	141,876	142,563
Unsecured	-	-
Less: Transaction costs	(443)	(596)
<b>Total Borrowings, Current</b>	<b>141,433</b>	<b>141,967</b>

Note:

- 1) The total borrowings, current relates to several term loan facilities that will be due in November and December 2017. The Trust has received proposals from banks and is in discussion to refinance these loans.

**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 loans with banks. The change in fair value of the interest rate swaps were recognised in the Statement of Total Return.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**1(c) Statement of Cash Flows**

	<b>Group</b>	
	<b>1Q 2017</b>	<b>1Q 2016</b>
	<b>Note</b>	<b>S\$'000</b>
<b>Cash flows from operating activities</b>		
Total return before income tax	19,882	16,047
Interest income	(310)	(121)
Interest expense	3,820	4,225
Amortisation of borrowing costs	475	396
Foreign exchange adjustment gain	(688)	(893)
Net change in fair value on derivative financial instruments	409	2,525
Gains on divestment of investment property	-	(512)
Manager's management fees settled in units	1,210	916
<b>Operating cash flows before changes in working capital</b>	<b>24,798</b>	<b>22,583</b>
Trade and other receivables, current	(6,523)	922
Other assets, current	(51)	(232)
Trade and other payables, current	(2,113)	(1,085)
Other liabilities	(309)	208
<b>Net cash flows from operating activities before income tax</b>	<b>15,802</b>	<b>22,396</b>
Income taxes paid	(3,804)	(3,278)
<b>Net cash flows from operating activities</b>	<b>11,998</b>	<b>19,118</b>
<b>Cash flows from investing activities</b>		
Interest received	305	130
Increase in investment properties	(77)	(44)
Net proceeds from divestment of investment property	-	8,161
Payment of progress payment - other receivables	-	(18,035)
<b>Net cash flows from/(used in) investing activities</b>	<b>228</b>	<b>(9,788)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(3,664)	(4,483)
Increase in borrowings	-	9,945
Distribution to perpetual securities holders	(1,718)	-
Distribution to Unitholders	(13,057)	(12,854)
<b>Net cash flows used in financing activities</b>	<b>(18,439)</b>	<b>(7,392)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,213)</b>	<b>1,938</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>33,576</b>	<b>26,827</b>
<b>Cash and cash equivalents at end of the period</b>	<b>27,363</b>	<b>28,765</b>

Note:

- 1) The net proceed from divestment of investment property is for the divestment of Plot B of existing Siloam Hospitals Surabaya in 1Q 2016.
- 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 in 1Q 2016.
- 3) The borrowings is due to the loan drawdown to part finance the first progress payment for the development works on the new Siloam Hospitals Surabaya in 1Q 2016.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

- 4) This relates to the first distribution made to perpetual securities holders in 1Q 2017.

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

	Group		Trust	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Balance at beginning of the financial period</b>	777,701	791,101	374,236	401,437
<b><u>Operations</u></b>				
Total return after tax	15,608	11,513	8,289	4,452
<b><u>Translation transactions</u></b>				
Net movement in foreign exchange reserve	(413)	(547)	-	-
<b><u>Unitholders' transactions</u></b>				
Manager's management fees paid in units	939	1,821	939	1,821
Manager's acquisition fees paid in units	200	-	200	-
Issuance of units (DRP)	3,390	2,851	3,390	2,851
Amount reserved for distribution to perpetual securities holders	(840)	-	(840)	-
Distribution to Unitholders	(16,447)	(15,705)	(16,447)	(15,705)
<b>Balance at end of the financial period</b>	<b>780,138</b>	<b>791,034</b>	<b>369,767</b>	<b>394,856</b>
<b><u>Perpetual Securities Holders' Fund</u></b>				
<b>Balance at beginning of the financial period</b>	60,878	-	60,878	-
Distribution made	(1,718)	-	(1,718)	-
Amount reserved for distribution	840	-	840	-
<b>Balance at end of the financial period</b>	<b>60,000</b>	<b>-</b>	<b>60,000</b>	<b>-</b>
<b>Total</b>	<b>840,138</b>	<b>791,034</b>	<b>429,767</b>	<b>394,856</b>

Note:

- 1) In 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.



**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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

	Trust	
	1Q 2017	1Q 2016
<b>Balance at beginning of period</b>	<b>771,579,482</b>	<b>761,567,027</b>
Unitholders transactions:		
- Manager's management fees paid in units	741,009	1,537,408
- Manager's acquisition fee paid in units	154,475	-
- Issuance of new units (DRP)	2,699,321	2,503,288
<b>Balance at end of period</b>	<b>775,174,287</b>	<b>765,607,723</b>
New units to be issued		
- Manager's management fees payable in units	923,390	743,803
<b>Total issued and issuable units</b>	<b>776,097,677</b>	<b>766,351,526</b>

The Trust does not hold any treasury units and there is no subsidiary holding as at end of current financial period and as at end of the corresponding period of the immediately preceding financial year.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year**

	Trust	
	31 Mar 2017	31 Dec 2016
<b>Issued units at end of period</b>	<b>775,174,287</b>	<b>771,579,482</b>

**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.

**1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings 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 2016.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER 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	
	1Q 2017	1Q 2016
<b><u>Earnings per unit</u></b>		
Weighted average number of units in issue	773,208,963	763,680,609
<b><u>Earnings per unit in cents attributable to unitholders</u></b>		
Basic and fully diluted basis	1.91	1.51
<b><u>Distribution per unit</u></b>		
Number of units in issue	775,174,287	765,607,723
<b><u>Distribution per unit in cents attributable to unitholders</u></b>		
Based on the number of units in issue at the end of the period	2.14	2.11

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

	Group		Trust	
	31 Mar 2017	31 Dec 2016	31 Mar 2017	31 Dec 2016
<b><u>NAV/NTA per unit (cents) attributable to unitholders</u></b>	100.64	100.79	47.70	48.50

8. **Review of the performance**

**1Q 2017 vs 1Q 2016**

**The results for this quarter includes the full quarter contribution from First REIT's latest property, Siloam Hospitals Labuan Bajo ("SHLB") which was acquired in December 2016.**

Gross revenue for 1Q 2017 increased by 2.5% to S\$27.2 million compared to 1Q 2016, mainly due to the contribution from SHLB.

Interest income for 1Q 2017 increased to S\$310,000 compared to 1Q 2016, mainly due to the return from the payment of the first progress payment in 1Q 2016 for the development works on new Siloam Hospitals Surabaya.

Finance costs for 1Q 2017 decreased by 7.1% to S\$4.3 million compared to 1Q 2016, mainly due to the lower loan amounts as a result of the issuance of perpetual securities to pare down the loan amounts in 3Q 2016.

Other income for 1Q 2017 as compared to other expenses for 1Q 2016, mainly due to absence of the expenses for the MTN exercise and the costs related to Siloam Hospitals Surabaya transaction incurred in 1Q 2016.

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

Income tax expense for 1Q 2017 decreased by 5.7% to S\$4.3 million compared to 1Q 2016, mainly due to the tax incurred for the divestment of Plot B of existing Siloam Hospitals Surabaya in 1Q 2016.

**9. Variance between the forecast or prospectus statement (if disclosed previously) and the actual results**

First REIT has not disclosed any forecast to the market.

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

**10. Commentary on the competitive conditions of the industry**

Indonesia remains First REIT's key focal market for growth, especially with the expanding pipeline of over 40 hospitals from its Sponsor, PT Lippo Karawaci Tbk, for acquisition. Southeast Asia's largest economy, Indonesia's gross domestic product grew 5.02% in 2016, an improvement from 4.88% in 2015<sup>1</sup>. For 2017, International Monetary Fund is also forecasting a growth of 5.1%<sup>2</sup>, driven by government's reforms and infrastructure developments. Meanwhile, the healthcare sector remains supported by the ongoing national health insurance scheme, which now allows more affluent Indonesians to supplement coverage under the scheme with private health insurance, lending further weight to private healthcare spending.

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<sup>1</sup> 7 February 2017, The Straits Times – Indonesia's GDP growth slows to 4.9% in Q4

<sup>2</sup> 3 February 2017, International Monetary Fund – Indonesia: Resilient economy can benefit from stronger reforms

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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**11. Distributions**

11(a) Current financial period

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2017 to 31 March 2017

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.17
Capital	0.90
Total	2.14

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**  
**2017 FIRST QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**11. Distributions (Cont'd)**

11(b) Corresponding period of the immediately preceding period

Any distributions declared for the corresponding period of the immediate preceding period? Yes

Distribution Type

Name of Distribution: Distribution for the period from 1 January 2016 to 31 March 2016

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.12
Capital	0.91
Total	2.11

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 25 April 2017 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 21 April 2017 at 9.00am.

11(d) Date Payable: 26 May 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.

**14. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines**

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the quarter ended 31 March 2017:

- 1) First REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period before distribution for the purpose of this certification). The excess is attributed to capital receipts comprising amounts received by First REIT from the redemption of redeemable preference shares in the Singapore special purpose companies ("SPCs") and the shareholder loan repayment by the Singapore SPC.
- 2) The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, First REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of First REIT for the quarter ended 31 March 2017 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 executives.

**16. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of Bowsprit Capital Corporation Limited do hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD OF  
BOWSPRIT CAPITAL CORPORATION LIMITED  
(AS MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST)

Dr Ronnie Tan Keh Poo @ Tan Kay Poo  
Chief Executive Officer  
17 April 2017