
**FIRST REAL ESTATE INVESTMENT TRUST
2017 SECOND 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 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			Year-to-date		
	2Q 2017	2Q 2016	Change	30 Jun 2017	30 Jun 2016	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	27,477	26,604	3.3%	54,628	53,100	2.9%
Net Property Income	27,154	26,321	3.2%	54,021	52,528	2.8%
Distributable Amount	16,642	16,240	2.5%	33,235	32,437	2.5%
Distribution per unit (cts)	2.14	2.11	1.4%	4.28	4.22 ¹	1.4%
Annualised Distribution per unit (cts)	8.63	8.47 ¹	1.9%	8.63	8.47 ¹	1.9%

Note:

- 1) Actual distribution paid for FY 2016.

Distribution Details

Distribution	1 April 2017 to 30 June 2017
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total: 2.14 cents per unit (a) Taxable income distribution - 0.08 cents per unit (b) Tax-exempt income distribution - 1.17 cents per unit (c) Capital distribution - 0.89 cents per unit
Book closure date	25 July 2017 at 5.00 pm
Ex-dividend date	21 July 2017 at 9.00 am
Payment date	28 August 2017

Distribution Reinvestment Plan ("DRP")

The DRP will not be applicable for this quarter. All Unitholders will be receiving 2Q 2017 DPU of Singapore 2.14 cents in cash, payable on 28 August 2017. The Manager may consider applying the DRP at a later date and Unitholders will be notified accordingly.

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1(a)(i) Statement of Total Return

		Group					
		Quarter			Year-to-date		
Note		2Q 2017	2Q 2016	Change	30 Jun 2017	30 Jun 2016	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Gross revenue	27,477	26,604	3.3%	54,628	53,100	2.9%
	Property operating expenses	(323)	(283)	14.1%	(607)	(572)	6.1%
	Net property income	27,154	26,321	3.2%	54,021	52,528	2.8%
	Interest income	314	331	(5.1%)	624	452	38.1%
	Manager's management fees	(2,685)	(2,630)	2.1%	(5,343)	(5,245)	1.9%
	Trustee fees	(100)	(99)	1.0%	(198)	(197)	0.5%
	Finance costs	(4,259)	(4,677)	(8.9%)	(8,554)	(9,298)	(8.0%)
	Other income/(other expenses)	162	(336)	NM	327	(1,270)	NM
	Net income before the undernoted	20,586	18,910	8.9%	40,877	36,970	10.6%
	Gains on divestment of investment property	-	-	-	-	512	NM
	Net change in fair value of derivative financial instruments	(672)	(569)	18.1%	(1,081)	(3,094)	(65.1%)
	Total return for the period before income tax	19,914	18,341	8.6%	39,796	34,388	15.7%
	Income tax expense	(4,525)	(4,260)	6.2%	(8,799)	(8,794)	0.1%
	Total return for the period after income tax	15,389	14,081	9.3%	30,997	25,594	21.1%
	Other comprehensive return:						
	Exchange differences on translating foreign operations, net of tax	(165)	(5)	NM	(578)	(552)	4.7%
	Total comprehensive return for the period	15,224	14,076	8.2%	30,419	25,042	21.5%
	Total return for the period after income tax attributable:						
	Unitholders	14,539	14,081	3.3%	29,307	25,594	14.5%
	Perpetual securities holders	850	-	NM	1,690	-	NM
		15,389	14,081	9.3%	30,997	25,594	21.1%

Note:

NM – Not meaningful

The results for 2Q 2017 includes the full quarter contribution from Siloam Hospitals Labuan Bajo ("SHLB") which was acquired in December 2016.

- 1) Property operating expenses for 2Q 2017 increased by 14.1% to S\$323,000 compared to 2Q 2016 mainly due to higher property expenses incurred with the acquisition of SHLB.
- 2) Interest income for 2Q 2017 decreased to S\$314,000 compared to 2Q 2016 mainly due to the lower interest income from bank deposits.
- 3) Finance cost for 2Q 2017 decreased to S\$4.3 million compared to 2Q 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.
- 4) Other income for 2Q 2017 as compared to other expenses for 2Q 2016 mainly due to the higher unrealised exchange gain from the USD loan.

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- 5) Net change in fair value of derivative financial instruments for 2Q 2017 relates to the revaluation of interest rate swap contracts.
- 6) Income tax expenses for 2Q 2017 increased to S\$4.5 million compared to 2Q 2016 mainly due to higher revenue.

1(a)(ii) Statement of Distribution

Note	Group					
	Quarter			Year-to-date		
	2Q 2017	2Q 2016	Change	30 Jun 2017	30 Jun 2016	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after income tax	15,389	14,081	9.3%	30,997	25,594	21.1%
Adjustments for tax purposes:						
- Manager's management fees payable in units	1,882	1,842	2.2%	4,328	3,675	17.8%
- Foreign exchange gains	(283)	-	NM	(971)	(893)	8.7%
- Net change in fair value of derivative financial instruments	672	569	18.1%	1,081	3,094	(65.1%)
- 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	-	27	NM	-	581	NM
- Amount reserved for distribution to perpetual securities holders	(850)	-	NM	(1,690)	-	NM
- Others	(168)	(279)	(39.8%)	(510)	(279)	82.8%
Total available for distribution to Unitholders	16,642	16,240	2.5%	33,235	32,437	2.5%
Unitholders' distribution:						
- as distribution from operations	9,727	9,428	3.2%	19,347	18,653	3.7%
- as distribution of Unitholders' capital contribution	6,915	6,812	1.5%	13,888	13,784	0.8%
Distribution amount to Unitholders	16,642	16,240	2.5%	33,235	32,437	2.5%

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.

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1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Assets					
Non-current Assets					
Investment properties		1,272,805	1,273,159	36,893	36,800
Investments in subsidiaries		-	-	744,977	756,461
Loan receivable, non-current		-	-	46,744	49,138
Deferred tax assets		971	971	971	971
Other receivable, non-current		18,035	18,035	-	-
Total non-current assets		1,291,811	1,292,165	829,585	843,370
Current Assets					
Trade and other receivables, current	1	18,857	11,754	8,443	7,270
Loan receivable, current		-	-	4,191	4,191
Other assets, current		3,916	3,680	221	51
Cash and cash equivalents		27,649	33,576	20,071	22,719
Total current assets		50,422	49,010	32,926	34,231
Total Assets		1,342,233	1,341,175	862,511	877,601
Non-current Liabilities					
Deferred tax liabilities		48,849	48,849	-	-
Other financial liabilities, non-current	2	172,439	271,642	172,439	271,642
Derivative financial instruments		1,198	118	1,198	118
Total non-current liabilities		222,486	320,609	173,637	271,760
Current Liabilities					
Income tax payable		1,333	1,194	-	-
Trade and other payables, current		13,933	16,879	22,293	26,872
Other financial liabilities, current	2	241,073	141,967	241,073	141,967
Other liabilities, current		22,526	21,947	1,924	1,888
Total current liabilities		278,865	181,987	265,290	170,727
Total Liabilities		501,351	502,596	438,927	442,487
Net assets		840,882	838,579	423,584	435,114
Represented by:					
Issued equity		416,375	423,654	416,375	423,654
Retained earnings/(Accumulated losses)		362,543	352,355	(53,641)	(49,418)
Foreign exchange reserve		1,114	1,692	-	-
Net assets attributable to unitholders		780,032	777,701	362,734	374,236
Perpetual Securities holders' fund	3	60,850	60,878	60,850	60,878
Net assets attributable to perpetual securities holder		60,850	60,878	60,850	60,878
		840,882	838,579	423,584	435,114

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

Note:

- 1) Trade and other receivables increased from S\$11.8 million to S\$18.9 million mainly due to advance rental receivables from tenants.
- 2) Other financial liabilities, non-current decreased from S\$271.6 million to S\$172.4 million mainly due to reclassification of the S\$100 million Medium Term Notes (MTN), net of unamortised cost from non-current to current as the MTN will be maturing in May 2018.
- 3) 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

	Group & Trust	
	30 Jun 2017	31 Dec 2016
	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year		
Secured	164,474	164,474
Unsecured	10,000	110,000
Less: Transaction costs	(2,035)	(2,832)
Total Borrowings, Non-current	172,439	271,642
Amount repayable within one year		
Secured (Note 1)	141,592	142,563
Unsecured	100,000	-
Less: Transaction costs	(519)	(596)
Total Borrowings, Current	241,073	141,967

Note:

- 1) The total borrowings, current relates to several term loan facilities and MTN that will be due in November/December 2017 and May 2018. The Trust is in negotiation with various banks to refinance these term loans facilities that are due this year.

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, SHLB Investment II Pte Ltd, PT Buton Bangun Cipta, SHButon Investment I Pte Ltd and SHButon 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.

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1(c) Statement of Cash Flows

	Group	
	2Q 2017	2Q 2016
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	19,914	18,341
Other income	(314)	(331)
Interest expense	3,818	4,250
Amortisation of borrowing costs	441	427
Foreign exchange adjustment gains	(283)	-
Net change in fair value on derivative financial instruments	672	569
Manager's management fees settled in units	932	921
Operating cash flows before changes in working capital	25,180	24,177
Trade and other receivables, current	(682)	74
Other assets, current	(185)	170
Trade and other payables, current	(931)	313
Other liabilities, current	2,117	184
Net cash flows from operating activities before income tax	25,499	24,918
Income taxes paid	(4,856)	(4,748)
Net cash flows from operating activities	20,643	20,170
Cash flows from investing activities		
Interest received	290	330
Increase in investment properties	(16)	(12)
Net cash flows from investing activities	274	318
Cash flows from financing activities		
Interest paid	(4,024)	(4,071)
Distribution to Unitholders	(16,607)	(13,233)
Net cash flows used in financing activities	(20,631)	(17,304)
Net increase in cash and cash equivalents	286	3,184
Cash and cash equivalents at beginning of the period	27,363	28,765
Cash and cash equivalents at end of the period	27,649	31,949

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

	Group	
	30 Jun 2017	30 Jun 2016
	<u>Note</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	39,796	34,388
Other income	(624)	(452)
Interest expense	7,638	8,475
Amortisation of borrowing costs	916	823
Foreign exchange adjustment gains	(971)	(893)
Gain on divestment of investment property	-	(512)
Net change in fair value on derivative financial instruments	1,081	3,094
Manager's management fees settled in units	2,142	1,837
Operating cash flows before changes in working capital	49,978	46,760
Trade and other receivables, current	(7,205)	996
Other assets, current	(236)	(62)
Trade and other payables, current	(3,044)	(772)
Other liabilities, current	1,808	392
Net cash flows from operating activities before income tax	41,301	47,314
Income taxes paid	(8,660)	(8,026)
Net cash flows from operating activities	32,641	39,288
Cash flows from investing activities		
Interest received	595	460
Increase in investment properties	(93)	(56)
Net proceeds from divestment of investment property	1 -	8,161
Payment of progress payment - other receivables	2 -	(18,035)
Net cash flows from/(used in) investing activities	502	(9,470)
Cash flows from financing activities		
Increase in borrowings	3 -	9,945
Interest paid	(7,688)	(8,554)
Distribution to perpetual securities holders	4 (1,718)	-
Distribution to Unitholders	(29,664)	(26,087)
Net cash flows used in financing activities	(39,070)	(24,696)
Net (decrease)/increase in cash and cash equivalents	(5,927)	5,122
Cash and cash equivalents at beginning of the year	33,576	26,827
Cash and cash equivalents at end of the year	27,649	31,949

Note:

- 1) The net proceeds from divestment of investment property relates to 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 increase in borrowings is due to the loan drawdown to part finance the first progress payment for development works on the new Siloam Hospitals Surabaya in 1Q 2016.
- 4) This relates to the first distribution made to perpetual securities holders in 1Q 2017.

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

	Group		Trust	
	2Q 2017	2Q 2016	2Q 2017	2Q 2016
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	780,138	791,034	369,767	394,856
<u>Operations</u>				
Total return after tax	15,389	14,081	8,297	7,131
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(165)	(5)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	2,127	916	2,127	916
Manager's divestment fees paid in units	-	39	-	39
Issuance of units (DRP)	-	2,936	-	2,936
Amount reserved for distribution to perpetual securities holders	(850)	-	(850)	-
Distribution to Unitholders	(16,607)	(16,169)	(16,607)	(16,169)
Balance at end of the financial period	780,032	792,832	362,734	389,709
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial period	60,000	-	60,000	-
Amount reserved for distribution	850	-	850	-
Balance at end of the financial period	60,850	-	60,850	-
Total	840,882	792,832	423,584	389,709

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.

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

Note	Group		Trust	
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial year	777,701	791,101	374,236	401,437
<u>Operations</u>				
Total return after tax	30,997	25,594	16,586	11,583
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(578)	(552)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	3,066	2,737	3,066	2,737
Manager's acquisition fees paid in units	200	-	200	-
Manager's divestment fees paid in units	-	39	-	39
Issuance of units (DRP)	3,390	5,787	3,390	5,787
Amount reserved for distribution to perpetual securities holders	(1,690)	-	(1,690)	-
Distribution to Unitholders	(33,054)	(31,874)	(33,054)	(31,874)
Balance at end of the financial year	780,032	792,832	362,734	389,709
<u>Perpetual Securities Holders' Fund</u>				
Issue of perpetual securities	60,878	-	60,878	-
Distribution made	(1,718)	-	(1,718)	-
Amount reserved for distribution to perpetual securities holders	1,690	-	1,690	-
Balance at end of the financial year	60,850	-	60,850	-
Total	840,882	792,832	423,584	389,709

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.

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

	Trust			
	Quarter		Year-to-date	
	2Q 2017	2Q 2016	30 Jun 2017	30 Jun 2016
Balance at beginning of period/year	775,174,287	765,607,723	771,579,482	761,567,027
Unitholders transactions:				
- Manager's management fees paid in units	1,647,572	743,803	2,388,581	2,281,211
- Manager's acquisition fee paid in units	-	-	154,475	-
- Manager's divestment fee paid in units	-	31,148	-	31,148
- Issuance of units (DRP)	-	2,411,199	2,699,321	4,914,487
Balance at end of period/year	776,821,859	768,793,873	776,821,859	768,793,873
New units to be issued				
- Manager's management fees payable in units	1,430,189	742,469	1,430,189	742,469
Total issued and issuable units	778,252,048	769,536,342	778,252,048	769,536,342

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	
	30 Jun 2017	31 Dec 2016
Issued units at end of period/year	776,821,859	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.

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.

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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 2016.

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	
	2Q 2017	2Q 2016	30 Jun 2017	30 Jun 2016
<u>Earnings per unit</u>				
Weighted average number of units in issue	775,935,323	766,212,574	774,675,698	765,740,224
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	1.87	1.84	3.78	3.34
<u>Distribution per unit</u>				
Number of units in issue	776,821,859	768,793,873	776,821,859	768,793,873
<u>Distribution per unit in cents attributable to unitholders</u>				
Based on the number of units in issue at the end of the period	2.14	2.11	4.28	4.22

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

	Group		Trust	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
Net asset value per unit (cents)	100.41	100.79	46.69	48.50

8. Review of the performance

2Q 2017 vs 2Q 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 2Q 2017 increased by 3.3% to S\$27.5 million compared to 2Q 2016, mainly due to contribution from SHLB.

Property operating expenses for 2Q 2017 increased by 14.1% to S\$323,000 compared to 2Q 2016, mainly due to higher property expenses incurred with the acquisition of SHLB.

Interest income for 2Q 2017 decreased to S\$314,000 compared to 2Q 2016, mainly due to lower interest income from bank deposits.

Finance costs for 2Q 2017 decreased by 8.9% to S\$4.3 million compared to 2Q 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 2Q 2017 as compared to other expenses for 2Q 2016, mainly due the higher exchange gain on USD loan.

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

Income tax for 2Q 2017 increased by 6.2% to S\$4.5 million compared to 2Q 2016, mainly due to the higher revenue.

1H 2017 vs 1H 2016

Gross revenue for 1H 2017 increased by 2.9% to S\$54.6 million compared to 1H 2016, mainly due to contribution from SHLB.

Property operating expenses for 1H 2017 increased by 6.1% to S\$607,000 compared to 1H 2016, mainly due to the higher property expenses incurred with the acquisition of SHLB.

Interest income for 1H 2017 increased to S\$624,000 compared to 1H 2016, mainly due to the return from the progress payment for the development of new Siloam Hospitals Surabaya.

Finance costs for 1H 2017 decreased by 8.0% to S\$8.6 million compared to 1H 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 1H 2017 compared to other expenses for 1H 2016, mainly due to absence of the expenses for MTN exercise and 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.

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 grew 5.01% in the first quarter of 2017, up slightly from 4.94% in the preceding quarter in 2016¹, driven mainly by higher export prices. With continued government reforms and infrastructure developments, the International Monetary Fund forecasts a growth of 5.1% for Indonesia in 2017². The healthcare sector will continue to benefit from the ongoing national health insurance scheme, which will boost demand among the rising middle-income class in Indonesia for better quality private healthcare. 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.

In Singapore, the growing ageing population will continue to support demand for nursing homes. The Ministry of Health plans to increase the number of nursing home beds from 12,000 currently to 17,000 in 2020³.

¹ 6 May 2017, The Business Times – Indonesia records 5.01% growth in Q1 on higher prices of commodities

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

³ 26 April 2017, The Straits Times - Demand for elderly care facilities on the rise

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 April 2017 to 30 June 2017

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.17
Capital	0.89
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.

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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 April 2016 to 30 June 2016

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.15
Capital	0.89
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 July 2017 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 21 July 2017 at 9.00am.

11(d) Date Payable: 28 August 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 30 June 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 30 June 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)

Victor Tan Kok Mian
Executive Director and Acting Chief Executive Officer
17 July 2017