
FIRST REAL ESTATE INVESTMENT TRUST
2017 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 twenty 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) Siloam Hospitals Buton and Lippo Plaza Buton, 16) Siloam Hospitals Yogyakarta, 17) Pacific Healthcare Nursing Home @ Bukit Merah, 18) Pacific Healthcare Nursing Home II @ Bukit Panjang, 19) The Lantor Residence and 20) 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 and Lippo Plaza Buton are 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.

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Summary of First REIT's Results

	Group					
	Quarter			Full Year		
	4Q 2017	4Q 2016	Change	31 Dec 2017	31 Dec 2016	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	28,551	26,988	5.8%	110,993	107,017	3.7%
Net Property Income	27,990	26,686	4.9%	109,476	105,835	3.4%
Distributable Amount	16,777	16,514	1.6%	66,727	65,248	2.3%
Distribution per unit (cts)	2.15	2.13	0.9%	8.57	8.47 ¹	1.2%
Annualised Distribution per unit (cts)	8.57	8.47 ¹	1.2%	8.57	8.47 ¹	1.2%

Note:

- 1) Actual distribution paid for FY 2016.

Distribution Details

Distribution	1 October 2017 to 31 December 2017
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total : 2.15 cents per unit (a) Taxable income distribution – 0.08 cents per unit (b) Tax-exempt income distribution – 1.12 cents per unit (c) Capital distribution - 0.95 cents per unit
Book closure date	25 January 2018 at 5.00 pm
Ex-dividend date	23 January 2018 at 9.00 am
Payment date	28 February 2018

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 25 January 2018.

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 not 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 2017	4Q 2016	Change	31 Dec 2017	31 Dec 2016	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross revenue		28,551	26,988	5.8%	110,993	107,017	3.7%
Property operating expenses	1	(561)	(302)	85.8%	(1,517)	(1,182)	28.3%
Net property income		27,990	26,686	4.9%	109,476	105,835	3.4%
Interest income	2	437	333	31.2%	1,429	1,131	26.3%
Manager's management fees		(2,794)	(2,685)	4.1%	(10,877)	(10,584)	2.8%
Trustee fees		(104)	(101)	3.0%	(405)	(398)	1.8%
Finance costs	3	(4,875)	(4,204)	16.0%	(17,818)	(17,768)	0.3%
Other expenses	4	(1,012)	(1,774)	(43.0%)	(1,056)	(3,318)	(68.2%)
Net income before the undernoted		19,642	18,255	7.6%	80,749	74,898	7.8%
Gain on divestment of investment property		-	-	-	-	512	NM
Net fair value gains/(losses) on investment properties	5	13,367	(8,915)	NM	13,367	(8,915)	NM
Net change in fair value of derivative financial instruments	6	80	934	(91.4%)	(558)	(2,249)	(75.2%)
Total return for the period/year before income tax		33,089	10,274	222.1%	93,558	64,246	45.6%
Income tax expense	7	(6,874)	(10,823)	(36.5%)	(20,120)	(23,905)	(15.8%)
Total return for the period/year after income tax		26,215	(549)	NM	73,438	40,341	82.0%
Other comprehensive income:							
Exchange differences on translating foreign operations, net of tax		84	585	(85.6%)	(649)	143	NM
Total comprehensive income for the period/year		26,299	36	NM	72,789	40,484	79.8%
Total return for the period after income tax attributable:							
Unitholders		25,356	(1,408)	NM	70,030	38,688	81.0%
Perpetual securities holders		859	859	-	3,408	1,653	106.2%
		26,215	(549)	NM	73,438	40,341	82.0%

Note:

NM – Not meaningful

The results for 4Q 2017 includes the full quarter contribution from Siloam Hospitals Labuan Bajo ("SHLB") which was acquired in December 2016, and maiden contribution from Siloam Hospitals Buton and Lippo Plaza Buton ("SHBN") and Siloam Hospitals Yogyakarta ("SHYG") which were acquired in October 2017 and December 2017 respectively.

- 1) Property operating expenses for 4Q 2017 increased by 85.8% to S\$561,000 compared to 4Q 2016 mainly due to higher expenses incurred for Sarang Hospital and Indonesia properties.
- 2) Interest income for 4Q 2017 increased to S\$437,000 compared to 4Q 2016 mainly due to the returns from progress payments for the development of new Siloam Hospitals Surabaya.

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- 3) Finance costs for 4Q 2017 increased to S\$4.9 million compared to 4Q 2016 mainly due to higher loan amounts to finance the acquisition of SHLB in 4Q 2016, second progress payment for development of new Siloam Hospitals Surabaya in 3Q 2017 and acquisition of SHBN and SHYG in 4Q 2017.
- 4) Other expenses for 4Q 2017 decreased to S\$1.0 million compared to 4Q 2016 mainly due to unrealised exchange gain on USD loan offset by higher professional fee and expenses related to Medium Term Note ("MTN") exercise.
- 5) Net fair value gains on investment properties for 4Q 2017 of S\$13.4 million compared to net fair value losses on investment properties for 4Q 2016 was mainly due to gain on revaluation of Indonesia properties.
- 6) Net change in fair value of derivative financial instruments for 4Q 2017 relates to the revaluation gains on the interest rate swap contracts.
- 7) Income tax expenses for 4Q 2017 decreased to S\$6.9 million compared to 4Q 2016 mainly due lower provision for deferred taxation on fair value gain on investment properties partly offset by higher current tax expenses.

1(a)(ii) Statement of Distribution

Note	Group					
	Quarter			Full Year		
	4Q 2017	4Q 2016	Change	31 Dec 2017	31 Dec 2016	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Total return for the period/year after income tax	26,215	(549)	NM	73,438	40,341	82.0%
Adjustments for tax purposes:						
- Manager's management fees payable in units	2,239	1,873	19.5%	8,892	7,148	24.4%
- Foreign exchange (gains)/losses	(286)	1,136	NM	(1,526)	461	NM
- Net fair value (gains)/losses on of investment properties, net of deferred tax	(11,062)	15,444	NM	(11,062)	15,444	NM
- Net change in fair value of derivative financial instruments	(80)	(934)	(91.4%)	558	2,249	(75.2%)
- Gain on divestment of investment property, net of tax	-	-	-	-	(122)	NM
- Costs related to Siloam Hospitals Surabaya transaction	-	-	-	-	787	NM
- Costs related to MTN exercise	698	-	NM	698	581	20.1
- Amount reserved for distribution to perpetual securities holders	(859)	(859)	-	(3,408)	(1,653)	106.2%
- Others	(88)	403	NM	(863)	12	NM
Total available for distribution to Unitholders	16,777	16,514	1.6%	66,727	65,248	2.3%
Unitholders' distribution:						
- as distribution from operations	9,370	9,572	(2.1%)	38,454	37,648	2.1%
- as distribution of Unitholders' capital contribution	7,407	6,942	6.7%	28,273	27,600	2.4%
Distributable amount to Unitholders	16,777	16,514	1.6%	66,727	65,248	2.3%

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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
		S\$'000	S\$'000	S\$'000	S\$'000
Assets					
Non-current Assets					
Investment properties	1	1,349,303	1,273,159	35,500	36,800
Investments in subsidiaries	1	-	-	804,472	756,461
Loan receivable, non-current		-	-	44,239	49,138
Deferred tax assets		1,213	971	1,213	971
Other receivable, non-current	2	27,035	18,035	-	-
Total non-current assets		1,377,551	1,292,165	885,424	843,370
Current Assets					
Trade and other receivables, current	3	25,982	11,754	13,287	7,270
Loan receivable, current		-	-	4,191	4,191
Other assets, current		4,573	3,680	25	51
Cash and cash equivalents		15,741	33,576	8,194	22,719
Total current assets		46,296	49,010	25,697	34,231
Total Assets		1,423,847	1,341,175	911,121	877,601
Non-current Liabilities					
Deferred tax liabilities		51,396	48,849	-	-
Other financial liabilities, non-current	4	278,125	271,642	278,125	271,642
Derivative financial instruments		512	118	512	118
Total non-current liabilities		330,033	320,609	278,637	271,760
Current Liabilities					
Income tax payable		2,000	1,194	-	-
Trade and other payables, current		18,216	16,879	23,931	26,872
Other financial liabilities, current	4	198,324	141,967	198,324	141,967
Other liabilities, current		22,795	21,947	1,926	1,888
Derivative financial instruments		164	-	164	-
Total current liabilities		241,499	181,987	224,345	170,727
Total Liabilities		571,532	502,596	502,982	442,487
Net Assets		852,315	838,579	408,139	435,114
Represented by:					
Issued equity		406,603	423,654	406,603	423,654
Retained earnings/(Accumulated losses)		383,791	352,355	(59,342)	(49,418)
Foreign exchange reserve		1,043	1,692	-	-
Net assets attributable to unitholders		791,437	777,701	347,261	374,236
Perpetual Securities holders' fund		60,878	60,878	60,878	60,878
Net assets attributable to perpetual securities holder		60,878	60,878	60,878	60,878
		852,315	838,579	408,139	435,114

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

Note:

- 1) Investment properties increased from S\$1,273.2 million to S\$1,349.3 million and investment in subsidiaries increased from S\$756.5 million to S\$804.5 million mainly due to acquisition of SHBN in October 2017 and SHYG in December 2017 and fair value gains of S\$13.4 million.
- 2) Other receivable, non-current increased from S\$18.0 million to S\$27.0 million mainly due to the second progress payment made for development of new Siloam Hospitals Surabaya in August 2017.
- 3) Trade and other receivables, current increased from S\$11.8 million to S\$26.0 million mainly due to the advance rental receivables from tenants.
- 4) Other financial liabilities, non-current and current increased from S\$413.6 million to S\$476.4 million mainly due to higher loan amounts to finance the second progress payment for development of new Siloam Hospitals Surabaya, and the acquisition of SHBN and SHYG.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	31 Dec 2017	31 Dec 2016
	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year		
Secured	269,551	164,474
Unsecured	10,000	110,000
Less: Transaction costs	(1,426)	(2,832)
Total Borrowings, Non-current	278,125	271,642
Amount repayable within one year		
Secured (Note 1)	99,031	142,563
Unsecured	100,000	-
Less: Transaction costs	(707)	(596)
Total Borrowings, Current	198,324	141,967

Note:

- 1) The total borrowings, current relates to MTN and term loan facilities that will due in May 2018 and December 2018 respectively. On 16 January 2018, the Trust has secured syndicated secured loan facilities up to S\$400 million to refinance the term loans and future acquisitions.

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, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Lippo Mall Buton and Siloam Hospitals Yogyakarta.
- (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, SHButon Investment I Pte Ltd, SHButon Investment II Pte Ltd.

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

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 2017	4Q 2016
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	33,089	10,274
Other income	(437)	(333)
Interest expense	4,140	3,763
Amortisation of borrowing costs	735	441
Foreign exchange adjustment (gains)/losses	(286)	1,136
(Increase)/decrease in fair value of investment properties	(13,367)	8,915
Net change in fair value on derivative financial instruments	(80)	(934)
Manager's management fees settled in units	1,120	939
Operating cash flows before changes in working capital	24,914	24,201
Trade and other receivables, current	(1,725)	30
Other assets, current	(332)	(1,030)
Trade and other payables, current	4,443	(13)
Other liabilities, current	(682)	445
Net cash flows from operating activities before income tax	26,618	23,633
Income taxes paid	(4,405)	(5,151)
Net cash flows from operating activities	22,213	18,482
Cash flows from investing activities		
Interest received	433	355
Increase in investment properties	(63,085)	(21,111)
Net cash flows used in investing activities	(62,652)	(20,756)
Cash flows from financing activities		
Increase in borrowings	29,571	16,000
Interest paid	(4,426)	(3,606)
Distribution to Unitholders	(16,687)	(14,405)
Net cash flows from/(used in) financing activities	8,458	(2,011)
Net decrease in cash and cash equivalents	(31,981)	(4,285)
Cash and cash equivalents at beginning of the period	47,722	37,861
Cash and cash equivalents at end of the period	15,741	33,576

Note:

- 1) The increase in investment properties for 4Q 2017 relates to the acquisition of SHBN in October 2017 and SHYG in December 2017. The increase in investment properties for 4Q 2016 relates to the acquisition of SHLB in December 2016.
- 2) The increase in borrowings for 4Q 2017 relates to the loan drawdown to finance the acquisition of SHBN and SHYG in October 2017 and December 2017. The increase in borrowings for 4Q 2016 relates to the loan drawdown to finance the acquisition of SHLB in December 2016.

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

	Group	
	31 Dec 2017	31 Dec 2016
	<u>Note</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax		93,558
Other income		(1,429)
Interest expense		15,725
Amortisation of borrowing costs		2,093
Foreign exchange adjustment loss		(1,526)
Gain on divestment of investment property		-
(Increase)/decrease in fair value of investment properties		(13,367)
Net change in fair value on derivative financial instruments		558
Manager's management fees settled in units		4,419
Operating cash flows before changes in working capital		100,031
Trade and other receivables, current		(14,179)
Other assets, current		(893)
Trade and other payables, current		3,576
Other liabilities, current		848
Net cash flows from operating activities before income tax		89,383
Income taxes paid		(17,010)
Net cash flows from operating activities		72,373
Cash flows from investing activities		
Interest received		1,432
Increase in investment properties	1	(63,181)
Net proceeds from divestment of investment property	2	-
Progress payment for Siloam Hospitals Surabaya	3	(9,000)
Net cash flows used in investing activities		(70,749)
Cash flows from financing activities		
Increase in borrowings	4	63,071
Proceeds from issuance of perpetual securities	5	-
Issue costs for perpetual securities		-
Repayment of borrowings	6	-
Interest paid		(16,116)
Distribution to perpetual securities holders	7	(3,408)
Distribution to Unitholders		(63,006)
Net cash flows used in financing activities		(19,459)
Net (decrease)/increase in cash and cash equivalents		(17,835)
Cash and cash equivalents at beginning of the year		33,576
Cash and cash equivalents at end of the year		15,741

Note:

- 1) The increase in investment properties for FY 2017 relates to the acquisition of SHBN in October 2017 and SHYG in December 2017. The increase in investment properties for FY 2016 relates to the acquisition of SHLB in December 2016.
- 2) The net proceeds from divestment of investment property relates to the divestment of Plot B of existing Siloam Hospitals Surabaya.

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

- 3) The progress payment for Siloam Hospitals Surabaya relates to the first and second progress payments made for the development works on the new Siloam Hospitals Surabaya in 1Q 2016 and 3Q 2017 respectively.
- 4) The increase in borrowings for FY 2017 relates to the loan drawdown to finance the acquisition of SHBN and SHYG in October 2017 and December 2017. The increase in borrowings for FY 2016 relates to the loan drawdown to finance the acquisition of SHLB in December 2016.
- 5) This relates to the issuance of perpetual securities in July 2016.
- 6) The repayment of borrowings in FY 2016 was funded through the net proceeds from the issuance of perpetual securities.
- 7) This relates to the first and second distributions made to perpetual securities holders in 1Q and 3Q 2017.

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

	Note	Group		Trust	
		4Q 2017	4Q 2016	4Q 2017	4Q 2016
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period		780,442	792,128	356,087	381,859
<u>Operations</u>					
Total return after tax		26,215	(549)	6,478	6,840
<u>Translation transactions</u>					
Net movement in foreign exchange reserve		84	585	-	-
<u>Unitholders' transactions</u>					
Manager's management fees paid in units		1,957	801	1,957	801
Manager's acquisition fees paid in units		285	-	285	-
Issuance of units (DRP)		-	1,917	-	1,917
Amount reserved for distribution to perpetual securities holders		(859)	(859)	(859)	(859)
Distribution to Unitholders		(16,687)	(16,322)	(16,687)	(16,322)
Balance at end of the financial period		791,437	777,701	347,261	374,236
<u>Perpetual Securities Holders' Fund</u>					
Balance at beginning of the financial period		60,019	60,019	60,019	60,019
Amount reserved for distribution to perpetual securities holders		859	859	859	859
Balance at end of the financial period	1	60,878	60,878	60,878	60,878
Total		852,315	838,579	408,139	435,114

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

Note	Group		Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 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	73,438	40,341	32,078	26,683
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(649)	143	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	6,876	4,459	6,876	4,459
Manager's acquisition fees paid in units	485	-	485	-
Manager's divestment fees paid in units	-	39	-	39
Issuance of units (DRP)	3,390	7,704	3,390	7,704
Amount reserved for distribution to perpetual securities holders	(3,408)	(1,653)	(3,408)	(1,653)
Distribution to Unitholders	(66,396)	(64,433)	(66,396)	(64,433)
Balance at end of the financial year	791,437	777,701	347,261	374,236
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial year	60,878	-	60,878	-
Issue of perpetual securities	-	60,000	-	60,000
Issue costs	-	(775)	-	(775)
Amount reserved for distribution to perpetual securities holders	3,408	1,653	3,408	1,653
Distribution to perpetual securities holders	(3,408)	-	(3,408)	-
Balance at end of the financial year	60,878	60,878	60,878	60,878
Total	852,315	838,579	408,139	435,114

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	
	Note	4Q 2017	4Q 2016	31 Dec 2017 31 Dec 2016
Balance at beginning of period/year		778,252,048	769,536,342	771,579,482 761,567,027
Unitholders transactions:				
- Manager's management fees paid in units		1,495,095	587,134	5,313,865 3,610,814
- Manager's acquisition fee paid in units		207,363	-	361,838 -
- Manager's divestment fee paid in units		-	-	- 31,148
- Issuance of units (DRP)		-	1,456,006	2,699,321 6,370,493
Balance at end of period/year		779,954,506	771,579,482	779,954,506 771,579,482
New units to be issued				
- Manager's management fees payable in units	1	1,538,145	741,009	1,538,145 741,009
Total issued and issuable units		781,492,651	772,320,491	781,492,651 772,320,491

Note:

- 1) The manager's management fees payable in units comprise 737,393 units for 4Q 2016 performance fee and 800,752 units for 4Q 2017 base fee.

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 Dec 2017	31 Dec 2016
	779,954,506	771,579,482

Issued units at end of period/year

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.

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 2017	4Q 2016	31 Dec 2017	31 Dec 2016
<u>Earnings per unit</u>				
Weighted average number of units in issue	778,358,037	770,008,602	776,728,741	767,874,301
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	3.26	(0.18)	9.02	5.04
<u>Distribution per unit</u>				
Number of units in issue	779,954,506	771,579,482	779,954,506	771,579,482
<u>Distribution per unit in cents Attributable to unitholders</u>				
Based on the number of units in issue at the end of the period/year	2.15	2.13	8.57	8.47

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

	Group		Trust	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per unit (cents)	101.47	100.79	44.52	48.50

8. **Review of the performance**

4Q 2017 vs 4Q 2016

The results for this quarter includes the full quarter contribution from Siloam Hospitals Labuan Bajo ("SHLB") which was acquired in December 2016, and maiden contribution from Siloam Hospitals Buton and Lippo Plaza Buton ("SHBN") and Siloam Hospitals Yogyakarta ("SHYG") which were acquired in October 2017 and December 2017 respectively.

Gross revenue for 4Q 2017 increased by 5.8% to S\$28.6 million compared to 4Q 2016, mainly due to contribution from SHLB, SHBN and SHYG as well as from existing properties.

8. Review of the performance (Cont'd)

Property operating expenses for 4Q 2017 increased by 85.8% to S\$561,000 compared to 4Q 2016 mainly due to higher expenses incurred for Sarang Hospital and Indonesia properties.

Interest income for 4Q 2017 increased to S\$437,000 compared to 4Q 2016, mainly due to the returns from progress payments for the development of new Siloam Hospitals Surabaya.

Manager's management fees for 4Q 2017 increased by 4.1% to S\$2.8 million compared to 4Q 2016, mainly due to higher property income and total assets.

Finance costs for 4Q 2017 increased to S\$4.9 million compared to 4Q 2016 mainly due to higher loan amounts to finance the acquisition of SHLB in 4Q 2016, second progress payment for development of new Siloam Hospitals Surabaya in 3Q 2017 and acquisition of SHBN and SHYG in 4Q 2017.

Other expenses for 4Q 2017 decreased to S\$1.0 million compared to 4Q 2016 mainly due to unrealised exchange gain on USD loan offset by higher professional fees and expenses related to MTN exercise.

Net change in fair value of derivative financial instruments for 4Q 2017 relates to the revaluation on the interest rate swap contracts.

Income tax expenses for 4Q 2017 decreased to S\$6.9 million compared to 4Q 2016 mainly due lower provision for deferred taxation on fair value gain on investment properties partly offset by higher current tax expenses.

Total return after tax for 4Q 2017 increased as compared to 4Q 2016, mainly due to the fair value gains 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 2017 will decrease by 2.0% to S\$14.8 million compared to Q4 2016 of S\$15.1 million mainly due to expenses incurred for MTN exercise.

FY 2017 vs FY 2016

Gross revenue for FY 2017 increased by 3.7% to S\$111.0 million compared to FY 2016, mainly due to contribution from SHLB, SHBN and SHYG as well as from existing properties.

Property operating expenses for FY 2017 increased by 28.3% to S\$1.5 million compared to FY 2016, mainly due to the higher property expenses incurred for Sarang Hospital and Indonesia properties.

Interest income for FY 2017 increased to S\$1.4 million compared to FY 2016, mainly due to the returns from progress payments for the development of new Siloam Hospitals Surabaya.

Manager's management fees for FY 2017 increased by 2.8% to S\$10.9 million compared to FY 2016, mainly due to the higher net property income and total assets.

Other expenses for FY 2017 decreased by 68.2% to S\$1.1 million compared to FY 2016, mainly due to absence of costs related to Siloam Hospitals Surabaya transaction incurred in 1Q 2016 and higher unrealised exchange gain from the USD loan.

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

Income tax expenses for 4Q 2017 decreased to S\$20.1 million compared to 4Q 2016 mainly due to lower provision for deferred taxation on fair value on investment properties partly offset by higher current tax expenses.

8. Review of the performance (Cont'd)

Total return after tax for FY 2017 increased by 82.0% to S\$73.4 million compared to FY 2016, mainly due to the fair value gain on revaluation of investment properties as well as lower 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 gain from USD loan and gain on divestment of Plot B of existing Siloam Hospitals Surabaya, total return after tax for FY 2017 increased by 5.1% to S\$61.4 million compared to FY 2016 of S\$58.4 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

The Indonesia gross domestic product grew 5.06%¹ year-on-year in the third quarter of 2017, compared with 5.01% in the first and second quarters. This was led mainly by a 3.46% rise in government spending and a 7.11% rise in investment in the third quarter. Over the course of 2017, Bank Indonesia has been very supportive of economic growth and lending, having cut interest rates eight times in 2017. Looking into 2018, the government expects Indonesia's economy to grow by 5.4%², supported by an export recovery and rising investment, especially with its investment grade rating from the three major rating agencies.

Against the stronger economic outlook and the on-going national health insurance scheme, demand for better quality private healthcare will continue to grow steadily. First REIT remains well-positioned for further growth, with a strong acquisition pipeline of 39 hospitals in Indonesia from its Sponsor, PT Lippo Karawaci Tbk.

¹ 7 November 2017, Business Times - Indonesian economy still sluggish despite interest rate cuts

² 17 August 2017, Straits Times - Indonesia's economy to grow by 5.4%

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 2017 to 31 December 2017

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.12
Capital	0.95
Total	2.15

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 25 January 2018.

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 not 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.

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 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

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 January 2018 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 23 January 2018 at 9.00am.

11(d) Date Payable: 28 February 2018

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
2017				
Gross revenue	106,239	3,836	918	110,993
Net property income	105,535	3,390	551	109,476
Interest income	1,352	77	-	1,429
Manager's management fees				(10,877)
Trustee fees				(405)
Finance costs				(17,818)
Other trust expenses				(1,056)
Net income before undernoted				80,749
Increase/(decrease) in fair values of investment properties	14,936	(1,423)	(146)	13,367
Net losses in fair value of derivative financial instruments				(558)
Net income for the year before income tax				93,558
Income tax (expense)/income	(20,283)	242	(79)	(20,120)
Total return for the year after income tax				73,438
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
	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

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities				
2017				
Segment assets including properties	1,368,897	45,467	9,483	1,423,847
Total assets				1,423,847
2016				
Segment assets including properties	1,269,821	61,306	10,048	1,341,175
Total assets				1,341,175

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 2017	31 Dec 2016	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	54,628	53,100	2.9%
Total return after income tax for first half year	30,997	25,594	21.1%
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	31,107	27,673	12.4%
Gross revenue reported for second half year	56,365	53,917	4.5%
Total return after income tax for second half year	42,441	14,747	187.8%
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	30,301	30,700	(1.3%)

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	66,396	64,433

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 2017.

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 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 December 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.

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)

Victor Tan Kok Mian
Executive Director and Chief Executive Officer
17 January 2018