

**FIRST REAL ESTATE INVESTMENT TRUST
2018 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 (subsequently amended by First Supplemental Deed dated 6 September 2007, Second Supplemental Deed dated 19 April 2010, Third Supplemental Deed dated 26 April 2011, Fourth Supplemental Deed dated 1 April 2013, First Amending and Restating Deed dated 23 March 2016 and Supplement Deed of Retirement and Appointment of Trustee dated 1 November 2017) between Bowsprit Capital Corporation Limited as the Manager and Perpetual (Asia) 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 & Lippo Plaza Buton, 16) Siloam Hospitals Yogyakarta, 17) Pacific Healthcare Nursing Home @ Bukit Merah, 18) Pacific Healthcare Nursing Home II @ Bukit Panjang, 19) The Lentor 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 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 2018	2Q 2017	Change	30 Jun 2018	30 Jun 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gross Revenue	28,924	27,477	5.3%	57,637	54,628	5.5%
Net Property Income	28,499	27,154	5.0%	56,922	54,021	5.4%
Distributable Amount	16,908	16,642	1.6%	33,801	33,235	1.7%
Distribution per unit (cts)	2.15	2.14	0.5%	4.30	4.28	0.5%
Annualised Distribution per unit (cts)	8.67	8.57 ¹	1.2%	8.67	8.57 ¹	1.2%

Note:

- 1) Actual distribution paid for FY 2017.

Distribution Details

Distribution	1 April 2018 to 30 June 2018
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total: 2.15 cents per unit (a) Taxable income distribution - 0.09 cents per unit (b) Tax-exempt income distribution - 1.10 cents per unit (c) Capital distribution - 0.96 cents per unit
Book closure date	25 July 2018 at 5.00 pm
Ex-dividend date	23 July 2018 at 9.00 am
Payment date	24 August 2018

Distribution Reinvestment Plan ("DRP")

The DRP will not be applicable for this quarter. All Unitholders will be receiving 2Q 2018 DPU of Singapore 2.15 cents in cash, payable on 24 August 2018. 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 Comprehensive Income

		Group					
		Quarter			Year-to-date		
Note	2Q 2018	2Q 2017	Change	30 Jun 2018	30 Jun 2017	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	28,924	27,477	5.3%	57,637	54,628	5.5%	
Property operating expenses	(425)	(323)	31.6%	(715)	(607)	17.8%	
	28,499	27,154	5.0%	56,922	54,021	5.4%	
Interest income	420	314	33.8%	837	624	34.1%	
Manager's management fees	(2,843)	(2,685)	5.9%	(5,666)	(5,343)	6.0%	
Trustee fees	(105)	(100)	5.0%	(210)	(198)	6.1%	
Finance costs	(5,455)	(4,259)	28.1%	(10,210)	(8,554)	19.4%	
Other (expenses)/income	(1,341)	162	NM	(1,673)	327	NM	
	19,175	20,586	(6.9%)	40,000	40,877	(2.1%)	
Net change in fair value of derivative financial instruments	276	(672)	NM	213	(1,081)	NM	
	19,451	19,914	(2.3%)	40,213	39,796	1.0%	
Income tax expense	(4,658)	(4,525)	2.9%	(9,229)	(8,799)	4.9%	
	14,793	15,389	(3.9%)	30,984	30,997	-	
Other comprehensive return:							
Exchange differences on translating foreign operations, net of tax	240	(165)	NM	33	(578)	NM	
	15,033	15,224	(1.3%)	31,017	30,419	2.0%	
Total return for the period after income tax attributable:							
Unitholders	13,943	14,539	(4.1%)	29,294	29,307	-	
Perpetual securities holders	850	850	-	1,690	1,690	-	
	14,793	15,389	(3.9%)	30,984	30,997	-	

Note:

NM – Not meaningful

The results for 2Q 2018 includes the full quarter contribution from Siloam Hospitals Buton & Lippo Plaza Buton ("Buton Property") and Siloam Hospitals Yogyakarta ("SHYG") which were both acquired in 4Q 2017.

- Property operating expenses for 2Q 2018 increased by 31.6% to S\$425,000 compared to 2Q 2017 mainly due to higher professional expenses incurred for Indonesia properties.
- Interest income for 2Q 2018 increased to S\$420,000 compared to 2Q 2017 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.
- Finance costs for 2Q 2018 increased to S\$5.5 million compared to 2Q 2017 mainly due to higher loan amounts drawn down to finance the acquisition of Buton Property and SHYG in 4Q 2017 and the second progress payment for development of new Siloam Hospitals Surabaya in 3Q 2017 as well as write off of unamortised loan related costs due to refinancing of bank loans.

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- 4) Other expenses for 2Q 2018 was S\$1.3 million as compared to other income for 2Q 2017 mainly due to the unrealised exchange loss on USD loan and realised exchange loss related to VAT refund for acquisition of Siloam Hospitals Labuan Bajo.
- 5) Net change in fair value of derivative financial instruments for 2Q 2018 relates to the revaluation of interest rate swap contracts.
- 6) Income tax expenses for 2Q 2018 increased to S\$4.7 million compared to 2Q 2017 mainly due to higher revenue.

1(a)(ii) Statement of Distribution

Note	Group					
	Quarter			Year-to-date		
	2Q 2018	2Q 2017	Change	30 Jun 2018	30 Jun 2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after income tax	14,793	15,389	(3.9%)	30,984	30,997	-
Adjustments for tax purposes:						
- Manager's management fees payable in units	2,674	1,882	42.1%	5,072	4,328	17.2%
- Foreign exchange losses/(gains)	722	(283)	NM	374	(971)	NM
- Net change in fair value of derivative financial instruments	(276)	672	NM	(213)	1,081	NM
- Amount reserved for distribution to perpetual securities holders	(850)	(850)	-	(1,690)	(1,690)	-
- Others	(155)	(168)	(7.7%)	(726)	(510)	42.4%
Total available for distribution to Unitholders	16,908	16,642	1.6%	33,801	33,235	1.7%
Unitholders' distribution:						
- as distribution from operations	9,312	9,727	(4.3%)	18,644	19,347	(3.6%)
- as distribution of Unitholders' capital contribution	7,596	6,915	9.8%	15,157	13,888	9.1%
Distribution amount to Unitholders	16,908	16,642	1.6%	33,801	33,235	1.7%

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 2018 S\$'000	31 Dec 2017 S\$'000	30 Jun 2018 S\$'000	31 Dec 2017 S\$'000
Assets				
Non-current Assets				
Investment properties	1,349,776	1,349,303	35,804	35,500
Investments in subsidiaries	-	-	791,709	804,472
Loan receivable, non-current	-	-	41,844	44,239
Deferred tax assets	1,213	1,213	1,213	1,213
Other receivable, non-current	27,035	27,035	-	-
Derivative financial instruments	83	-	83	-
Total non-current assets	1,378,107	1,377,551	870,653	885,424
Current Assets				
Trade and other receivables, current	29,103	25,982	16,143	13,287
Loan receivable, current	-	-	4,191	4,191
Other assets, current	4,724	4,573	79	25
Cash and cash equivalents	16,320	15,741	6,546	8,194
Total current assets	50,147	46,296	26,959	25,697
Total Assets	1,428,254	1,423,847	897,612	911,121
Non-current Liabilities				
Deferred tax liabilities	51,396	51,396	-	-
Other financial liabilities, non-current	370,505	278,125	370,505	278,125
Derivative financial instruments	63	512	63	512
Total non-current liabilities	421,964	330,033	370,568	278,637
Current Liabilities				
Income tax payable	1,865	2,000	-	-
Trade and other payables, current	16,647	18,216	20,670	23,931
Other financial liabilities, current	109,520	198,324	109,520	198,324
Other liabilities, current	23,345	22,795	1,981	1,926
Derivative financial instruments	68	164	68	164
Total current liabilities	151,445	241,499	132,239	224,345
Total Liabilities	573,409	571,532	502,807	502,982
Net assets	854,845	852,315	394,805	408,139
Represented by:				
Issued equity	398,551	406,603	398,551	406,603
Retained earnings/(Accumulated losses)	394,368	383,791	(64,596)	(59,342)
Foreign exchange reserve	1,076	1,043	-	-
Net assets attributable to unitholders	793,995	791,437	333,955	347,261
Perpetual Securities holders' fund	60,850	60,878	60,850	60,878
Net assets attributable to perpetual securities holder	60,850	60,878	60,850	60,878
	854,845	852,315	394,805	408,139

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

Note:

- 1) Trade and other receivables increased from S\$26.0 million to S\$29.1 million mainly due to advance rental receivables from tenants.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	30 Jun 2018	31 Dec 2017
	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year		
Secured	378,957	269,550
Unsecured	-	10,000
Less: Transaction costs	(8,452)	(1,425)
Total Borrowings, Non-current	370,505	278,125
Amount repayable within one year		
Secured	-	99,031
Unsecured (Note 1)	110,000	100,000
Less: Transaction costs	(480)	(707)
Total Borrowings, Current	109,520	198,324

Note:

- 1) The Trust is in negotiation with the banks to refinance the total current borrowings, which relate to term loan facilities that will due in November 2018 and March 2019.

Details of Collaterals

As security for the borrowings, the following have been granted in favour of the lenders:

- (a) a mortgage over the investment properties except Sarang Hospital, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Hospitals Surabaya, Siloam Sriwijaya, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton & Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- (b) pledge of shares of all the subsidiaries except (i) Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Pt Tata Prima Indah, PT Graha Indah Pratama, PT Eka Dasa Parinama, PT Sriwijaya Mega Abadi, PT Nusa Bahana Niaga, PT Prima Labuan Bajo, PT Buton Bangun Cipta, Primerich Investments Pte Ltd, Surabaya Hospitals Investment Pte Ltd, Henley Investments Pte Ltd, Finura Investments Pte Ltd, Glamis Investments Pte Ltd, Sriwijaya Investment I Pte Ltd, Sriwijaya Investment II Pte Ltd, SHKP Investment I Pte Ltd, SHKP Investment II Pte Ltd, Icon1 Holdings Pte Ltd, SHLB Investment I Pte Ltd, SHLB Investment II Pte Ltd, SHButon Investment I Pte Ltd and SHButon Investment II Pte Ltd and (ii) joint operation company PT Yogya Central Terpadu.

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 was recognised in the Statement of Comprehensive Income.

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

	Group	
	2Q 2018	2Q 2017
Note	S\$'000	S\$'000
Cash flows from operating activities		
Total return before income tax	19,451	19,914
Other income	(420)	(314)
Interest expense	4,077	3,820
Amortisation of borrowing costs	1,378	439
Foreign exchange adjustment losses/(gains)	722	(283)
Net change in fair value on derivative financial instruments	(276)	672
Manager's management fees settled in units	1,334	932
Operating cash flows before changes in working capital	26,266	25,180
Trade and other receivables, current	2,367	(682)
Other assets, current	34	(185)
Trade and other payables, current	(1,777)	(931)
Other liabilities, current	33	2,117
Net cash flows from operating activities before income tax	26,923	25,499
Income taxes paid	(4,726)	(4,856)
Net cash flows from operating activities	22,197	20,643
Cash flows from investing activities		
Interest received	420	290
Increase in investment properties	(323)	(16)
Net cash flows from investing activities	97	274
Cash flows from financing activities		
Interest paid	(6,098)	(4,024)
Distribution to Unitholders	(16,878)	(16,607)
Net cash flows used in financing activities	(22,976)	(20,631)
Net (decrease)/increase in cash and cash equivalents	(682)	286
Cash and cash equivalents at beginning of the period	17,002	27,363
Cash and cash equivalents at end of the period	16,320	27,649

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

	Group	
	30 Jun 2018	30 Jun 2017
	<u>Note</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	40,213	39,796
Other income	(837)	(624)
Interest expense	8,155	7,642
Amortisation of borrowing costs	2,055	912
Foreign exchange adjustment losses/(gains)	374	(971)
Net change in fair value on derivative financial instruments	(213)	1,081
Manager's management fees settled in units	2,524	2,142
Operating cash flows before changes in working capital	52,271	49,978
Trade and other receivables, current	(3,082)	(7,205)
Other assets, current	(151)	(236)
Trade and other payables, current	517	(3,044)
Other liabilities, current	550	1,808
Net cash flows from operating activities before income tax	50,105	41,301
Income taxes paid	(9,365)	(8,660)
Net cash flows from operating activities	40,740	32,641
Cash flows from investing activities		
Interest received	837	595
Increase in investment properties	(481)	(93)
Net cash flows from investing activities	356	502
Cash flows from financing activities		
Increase in borrowings	2,128	-
Interest paid	(9,411)	(7,688)
Distribution to perpetual securities holders	(1,718)	(1,718)
Distribution to Unitholders	(31,516)	(29,664)
Net cash flows used in financing activities	(40,517)	(39,070)
Net increase/(decrease) in cash and cash equivalents	579	(5,927)
Cash and cash equivalents at beginning of the period	15,741	33,576
Cash and cash equivalents at end of the period	16,320	27,649

Note:

- 1) The increase in borrowings is due to the loan drawn down to finance working capital and capital expenditure requirements.

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

Note	Group		Trust	
	2Q 2018	2Q 2017	2Q 2018	2Q 2017
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	794,265	780,138	342,218	369,767
<u>Operations</u>				
Total return after tax	14,793	15,389	7,040	8,297
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	240	(165)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	2,425	2,127	2,425	2,127
Amount reserved for distribution to perpetual securities holders	(850)	(850)	(850)	(850)
Distribution to Unitholders	(16,878)	(16,607)	(16,878)	(16,607)
Balance at end of the financial period	793,995	780,032	333,955	362,734
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial period	60,000	60,000	60,000	60,000
Amount reserved for distribution to perpetual securities holders	850	850	850	850
Balance at end of the financial period	60,850	60,850	60,850	60,850
Total	854,845	840,882	394,805	423,584

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

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

	Group		Trust	
	30 Jun 2018	30 Jun 2017	30 Jun 2018	30 Jun 2017
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial year	791,437	777,701	347,261	374,236
<u>Operations</u>				
Total return after tax	30,984	30,997	15,153	16,586
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	33	(578)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	4,477	3,066	4,477	3,066
Manager's acquisition fees paid in units	270	200	270	200
Issuance of units (DRP)	2,160	3,390	2,160	3,390
Amount reserved for distribution to perpetual securities holders	(1,690)	(1,690)	(1,690)	(1,690)
Distribution to Unitholders	(33,676)	(33,054)	(33,676)	(33,054)
Balance at end of the financial period	793,995	780,032	333,955	362,734
<u>Perpetual Securities Holders' Fund</u>				
Issue of perpetual securities	60,878	60,878	60,878	60,878
Amount reserved for distribution to perpetual securities holders	1,690	1,690	1,690	1,690
Distribution to perpetual securities holders	(1,718)	(1,718)	(1,718)	(1,718)
Balance at end of the financial period	60,850	60,850	60,850	60,850
Total	854,845	840,882	394,805	423,584

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 as stated in 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 2018	2Q 2017	30 Jun 2018	30 Jun 2017
Balance at beginning of period	783,266,249	775,174,287	779,954,506	771,579,482
Unitholders transactions:				
- Manager's management fees paid in units	1,747,786	1,647,572	3,285,931	2,388,581
- Manager's acquisition fee paid in units	-	-	191,788	154,475
- Issuance of units (DRP)	-	-	1,581,810	2,699,321
Balance at end of period	785,014,035	776,821,859	785,014,035	776,821,859
New units to be issued				
- Manager's management fees payable in units	1,670,591	1,430,189	1,670,591	1,430,189
Total issued and issuable units	786,684,626	778,252,048	786,684,626	778,252,048

Note:

- 1) The manager's management fees payable in units comprise 680,251 units for 2Q 2017 performance fee and 990,340 units for 2Q 2018 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	
	30 Jun 2018	31 Dec 2017
Issued units at end of period/year	785,014,035	779,954,506

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.

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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 2017.

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 2018	2Q 2017	30 Jun 2018	30 Jun 2017
<u>Earnings per unit</u>				
Weighted average number of units in issue	783,360,621	775,935,323	783,321,133	774,675,698
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	1.78	1.87	3.74	3.78
<u>Distribution per unit</u>				
Number of units in issue	785,014,035	776,821,859	785,014,035	776,821,859
<u>Distribution per unit in cents attributable to unitholders</u>				
Based on the number of units in issue at the end of the period	2.15	2.14	4.30	4.28

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

	Group		Trust	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Net asset value per unit (cents)	101.14	101.47	42.54	44.52

8. Review of the performance

2Q 2018 vs 2Q 2017

The results for this quarter includes the full quarter contribution from Siloam Hospitals Buton & Lippo Plaza Buton (“Buton Property”) and Siloam Hospitals Yogyakarta (“SHYG”) which were both acquired in 4Q 2017 respectively.

Gross revenue for 2Q 2018 increased by 5.3% to S\$28.9 million compared to 2Q 2017 mainly due to addition contribution from Buton Property and SHYG as well as existing properties.

Property operating expenses for 2Q 2018 increased by 31.6% to S\$425,000 compared to 2Q 2017 mainly due to higher professional expenses incurred for Indonesia properties.

Interest income for 2Q 2018 increased to S\$420,000 compared to 2Q 2017 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Manager’s management fees for 2Q 2018 increased by 5.9% to S\$2.8 million compared to 2Q 2017 mainly due to higher net property income and total assets.

Trustee fees for 2Q 2018 increased by 5.0% to S\$105,000 compared to 2Q 2017 mainly due to higher total assets.

Finance costs for 2Q 2018 increased to S\$5.5 million compared to 2Q 2017 mainly due to higher loan amounts drawn down to finance the acquisition of Buton Property and SHYG in 4Q 2017 and the second progress payment for development of new Siloam Hospitals Surabaya in 3Q 2017 as well as write off of unamortised loan related costs due to refinancing of bank loans.

Other expenses for 2Q 2018 was S\$1.3 million as compared to other income for 2Q 2017 mainly due to the unrealised exchange loss on USD loan and realised exchange loss related to VAT refund for acquisition of Siloam Hospitals Labuan Bajo.

Net change in fair value of derivative financial instruments for 2Q 2018 relates to the revaluation of interest rate swap contracts.

Income tax expense for 2Q 2018 increased to S\$4.7 million compared to 2Q 2017 mainly due to higher revenue.

1H 2018 vs 1H 2017

Gross revenue for 1H 2018 increased by 5.5% to S\$57.6 million compared to 1H 2017, mainly due to addition contribution from contribution from Buton Property and SHYG as well as existing properties.

Property operating expenses for 1H 2018 increased by 17.8% to S\$715,000 compared to 1H 2017, mainly due to the higher professional expenses incurred for Indonesia properties.

Interest income for 1H 2018 increased to S\$837,000 compared to 1H 2017, mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Manager’s management fees for 1H 2018 increased by 6.0% to S\$5.7 million compared to 1H 2017 mainly due to higher net property income and total assets.

Trustee fees for 1H 2018 increased by 6.1% to S\$210,000 compared to 1H 2017 mainly due to higher total assets.

Finance costs for 1H 2018 increased to S\$10.2 million compared to 1H 2017 mainly due to higher loan amounts drawn down to finance the acquisition of Buton Property and SHYG in 4Q 2017 and the second progress payment for development of new Siloam Hospitals Surabaya in 3Q 2017 as well as write off of unamortised loan related costs due to refinancing of bank loans.

Other expenses for 1H 2018 was S\$1.7 million as compared to other income for 1H 2017 mainly due to the unrealised exchange loss on USD loan, realised exchange loss related to VAT refund for acquisition of Siloam Hospitals Labuan Bajo.

Net change in fair value of derivative financial instruments for 1H 2018 relates to the termination and revaluation of interest rate swap contracts.

Income tax expense for 1H 2018 increased to S\$9.2 million compared to 1H 2017 mainly due to higher revenue.

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 5.06%¹ year-on-year in the first quarter of 2018, at a slower pace compared to the previous quarter, due mainly to sluggish consumption. To reduce reliance on domestic consumption, the Indonesian government has implemented several deregulation measures to attract more investment. Last year, Indonesia recorded 8.5% more foreign direct investment in Rupiah terms than in 2016.² On the other hand, rising interest rates in the US have weakened the Rupiah in recent weeks, causing Bank Indonesia to raise interest rates to support the Rupiah. However, this has no impact on the Trust's borrowings as its loans are originated in Singapore and denominated in Singapore dollars.

BMI Research reported that healthcare spending in Indonesia amounted to Rp403.9 trillion in 2017 and projects it to rise to Rp1,224 trillion by 2027, and that healthcare spending per capita will more than double between 2017 and 2027³. Against this trend, together with the growing nationwide adoption of the national health insurance scheme, private healthcare demand will continue to rise. As such, First REIT remains well-positioned for further growth, with a strong acquisition pipeline of around 40 hospitals in Indonesia from its Sponsor, PT Lippo Karawaci Tbk.

¹ 8 May 2018, The Straits Times - Indonesia's economy grows 5.06% in Q1, slower than forecast

² 13 April 2018, Business Times - Indonesia to ensure stability during elections

³ 20 April 2018, Healthcare Asia Magazine - Indonesia's healthcare spending to balloon to \$47.1b by 2022

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 2018 to 30 June 2018

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.09
Tax-Exempt Income	1.10
Capital	0.96
Total	2.15

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 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.

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

11(d) Date Payable: 24 August 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.

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 2018:

- 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 2018 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 Chief Executive Officer
17 July 2018