
FIRST REAL ESTATE INVESTMENT TRUST
2018 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. On 1 March 2018, HSBC Institutional Trust Services (Singapore) Limited retired as the Trustee of First REIT in favour of Perpetual (Asia) Limited.

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.

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

Summary of First REIT's Results

	Group					
	Quarter			Full Year		
	4Q 2018	4Q 2017	Change	31 Dec 2018	31 Dec 2017	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	29,321	28,551	2.7%	116,198	110,993	4.7%
Net Property Income	28,530	27,990	1.9%	114,391	109,476	4.5%
Distributable Amount	17,014	16,777	1.4%	67,681	66,727	1.4%
Distribution per unit (cts)	2.15	2.15	-	8.60	8.57 ¹	0.4%
Annualised Distribution per unit (cts)	8.60	8.57 ¹	0.4%	8.60	8.57 ¹	0.4%

Note:

- 1) Actual distribution paid for FY 2017.

Distribution Details

Distribution	1 October 2018 to 31 December 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 – 0.07 cents per unit (b) Tax-exempt income distribution – 1.12 cents per unit (c) Capital distribution – 0.96 cents per unit
Book closure date	24 January 2019 at 5.00 pm
Ex-dividend date	23 January 2019 at 9.00 am
Payment date	28 February 2019

Distribution Reinvestment Plan (“DRP”)

The DRP will not be applicable for this quarter. All Unitholders will be receiving 4Q 2018 DPU of Singapore 2.15 cents in cash, payable on 28 February 2019. The Manager may consider applying the DRP at a later date and Unitholders will be notified accordingly.

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

1(a)(i) Statement of Comprehensive Income

	Note	Group				
		Quarter			Full Year	
		4Q 2018	4Q 2017	Change	31 Dec 2018	31 Dec 2017
		S\$'000	S\$'000	%	S\$'000	S\$'000
Gross revenue		29,321	28,551	2.7%	116,198	110,993
Property operating expenses	1	(791)	(561)	41.0%	(1,807)	(1,517)
Net property income		28,530	27,990	1.9%	114,391	109,476
Interest income		433	437	(0.9%)	1,690	1,429
Manager's management fees		(2,875)	(2,794)	2.9%	(11,435)	(10,877)
Trustee fees		(108)	(104)	3.8%	(427)	(405)
Finance costs	2	(5,906)	(4,875)	21.1%	(21,614)	(17,818)
Other expenses	3	(155)	(1,012)	(84.7%)	(2,298)	(1,056)
Net income before the undernoted		19,919	19,642	1.4%	80,307	80,749
Net fair value (losses)/gains on investment properties	4	(5,358)	13,367	NM	(5,358)	13,367
Net change in fair value of derivative financial instruments	5	(437)	80	NM	(174)	(558)
Total return for the period/year before income tax		14,124	33,089	(57.3%)	74,775	93,558
Income tax benefit/(expense)	6	15,010	(6,874)	NM	1,100	(20,120)
Total return for the period/year after income tax		29,134	26,215	11.1%	75,875	73,438
Other comprehensive income:						
Exchange differences on translating foreign operations, net of tax		301	84	258.3%	370	(649)
Total comprehensive income for the period/year		29,435	26,299	11.9%	76,245	72,789
Total return for the period after income tax attributable:						
Unitholders		28,275	25,356	11.5%	72,467	70,030
Perpetual securities holders		859	859	-	3,408	3,408
		29,134	26,215	11.1%	75,875	73,438

Note:

NM – Not meaningful

The results for 4Q 2018 includes the full quarter contribution from Siloam Hospitals Yogyakarta ("SHYG") which was acquired in 4Q 2017.

- 1) Property operating expenses for 4Q 2018 increased by 41.0% to S\$791,000 compared to 4Q 2017 mainly due to higher expenses incurred for Sarang Hospital and Indonesia properties.
- 2) Finance costs for 4Q 2018 increased to S\$5.9 million compared to 4Q 2017 mainly due to higher interest costs on loans and full quarter interest expenses for loan drawn down to finance the acquisition of SHYG in 4Q 2017.
- 3) Other expenses for 4Q 2018 decreased to S\$155,000 compared to 4Q 2017 mainly due to the absence of costs related to Medium Term Note ("MTN") exercise and change of trustee incurred in Q4 2017.
- 4) Net fair value losses on investment properties for 4Q 2018 of S\$5.4 million compared to net fair value gains on investment properties for 4Q 2017 was mainly due to losses on revaluation of investment properties.

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

- 5) Net change in fair value of derivative financial instruments for 4Q 2018 relates to the revaluation losses on the interest rate swap contracts.
- 6) Income tax benefit for 4Q 2018 of S\$15.0 million compared to income tax expense for 4Q 2017 mainly due to write back of provision for deferred taxation on fair value loss on investment properties resulting from a reduction in tax rates, partly offset by higher current tax expenses.

1(a)(ii) Statement of Distribution

		Group				
		Quarter			Full Year	
Note		4Q 2018	4Q 2017	Change	31 Dec 2018	31 Dec 2017
		S\$'000	S\$'000	%	S\$'000	S\$'000
	Total return for the period/year after income tax	29,134	26,215	11.1%	75,875	73,438
	Adjustments for tax purposes:					
	- Manager's management fees payable in units	2,018	2,239	(9.9%)	9,459	8,892
	- Foreign exchange (gains)/losses	(40)	(286)	(86.0%)	380	(1,526)
1	- Net fair value (gains)/losses on investment properties, net of deferred tax	(14,343)	(11,062)	29.7%	(14,343)	(11,062)
	- Net change in fair value of derivative financial instruments	437	(80)	NM	174	558
	- Costs related to MTN exercise	-	698	NM	-	698
2	- Amount reserved for distribution to perpetual securities holders	(859)	(859)	-	(3,408)	(3,408)
	- Others	667	(88)	NM	(456)	(863)
	Total available for distribution to Unitholders	17,014	16,777	1.4%	67,681	66,727
	Unitholders' distribution:					
	- as distribution from operations	9,430	9,370	0.6%	37,275	38,454
	- as distribution of Unitholders' capital contribution	7,584	7,407	2.4%	30,406	28,273
	Distributable amount to Unitholders	17,014	16,777	1.4%	67,681	66,727

Note:

NM – Not meaningful

- 1) The net fair value (gains)/losses on investment properties, net of deferred tax comprises of the following figures.

		Group			
		Quarter		Full Year	
		4Q 2018	4Q 2017	31 Dec 2018	31 Dec 2017
		S\$'000	S\$'000	S\$'000	S\$'000
	Fair value losses/(gains) on investment properties	5,358	(13,367)	5,358	(13,367)
	Deferred tax (benefits)/expenses	(19,701)	2,305	(19,701)	2,305
	Net fair value (gains)/losses on investment properties, net of deferred tax	(14,343)	(11,062)	(14,343)	(11,062)

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

- 2) 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.

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Assets					
Non-current Assets					
Plant and equipment		68	-	-	-
Investment properties	1	1,345,295	1,349,303	34,900	35,500
Investments in subsidiaries		-	-	778,734	804,472
Loan receivable, non-current		-	-	39,415	44,239
Deferred tax assets		1,368	1,213	1,368	1,213
Other receivable, non-current		27,035	27,035	-	-
Total non-current assets		1,373,766	1,377,551	854,417	885,424
Current Assets					
Trade and other receivables, current	2	32,391	25,982	17,548	13,287
Loan receivable, current		-	-	4,191	4,191
Other assets, current		4,833	4,573	251	25
Other financial assets, current		26	-	-	-
Cash and cash equivalents		27,758	15,741	18,314	8,194
Total current assets		65,008	46,296	40,304	25,697
Total Assets		1,438,774	1,423,847	894,721	911,121
Non-current Liabilities					
Deferred tax liabilities	3	31,850	51,396	-	-
Other financial liabilities, non-current	4	386,761	278,125	386,761	278,125
Derivative financial instruments		250	512	250	512
Total non-current liabilities		418,861	330,033	387,011	278,637
Current Liabilities					
Income tax payable		1,989	2,000	-	-
Trade and other payables, current		16,135	18,216	17,176	23,931
Other financial liabilities, current	4	109,658	198,324	109,658	198,324
Other liabilities, current		22,793	22,795	1,965	1,926
Derivative financial instruments		185	164	185	164
Total current liabilities		150,760	241,499	128,984	224,345
Total Liabilities		569,621	571,532	515,995	502,982
Net Assets		869,153	852,315	378,726	408,139
Represented by:					
Net assets attributable to unitholders		808,275	791,437	317,848	347,261
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
		869,153	852,315	378,726	408,139

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

Note:

- 1) Investment properties decreased from S\$1,349.3 million to S\$1,345.3 million mainly due to fair value losses on revaluation of investment properties.
- 2) Trade and other receivables, current increased from S\$26.0 million to S\$32.4 million mainly due to the advance rental receivables from tenants. On 15 January 2019, the Trust has received rental payments amounting to S\$8.0 million from tenants.
- 3) Deferred tax liabilities decreased from S\$51.4 million to S\$31.9 million mainly due to write back of provision for deferred taxation on fair value loss on investment properties resulting from a reduction in tax rates.
- 4) Other financial liabilities, non-current and current increased from S\$476.4 million to S\$496.4 million mainly due to higher loan amounts for working capital and capital expenditure requirements.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	31 Dec 2018	31 Dec 2017
	S\$'000	S\$'000
Amount repayable after one year		
Secured	392,962	269,551
Unsecured	-	10,000
Less: Transaction costs	(6,201)	(1,426)
Total Borrowings, Non-current	386,761	278,125
Amount repayable within one year		
Secured	-	99,031
Unsecured (Note 1)	110,000	100,000
Less: Transaction costs	(342)	(707)
Total Borrowings, Current	109,658	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 are due in March and May 2019.

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 Hospitals Kebon Jeruk, Siloam Hospitals Purwakarta, Siloam Sriwijaya, Siloam Hospitals Kupang and Lippo Plaza Kupang, Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- (b) pledge of shares of all the subsidiaries except Kalmore (Korea) Limited, Kalmore Investments Pte Ltd, Surabaya Hospitals Investment Pte Ltd, Primerich Investments Pte Ltd, Henley Investments Pte Ltd, Glamis Investments Pte Ltd, Finura 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, SHButon Investment II 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 Bagun Cipta, 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 were recognised in the Statement of Comprehensive Income.

1(c) Statement of Cash Flows

	Group	
	4Q 2018	4Q 2017
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	14,124	33,089
Other income	(433)	(437)
Interest expense	4,230	4,140
Amortisation of borrowing costs	1,676	735
Foreign exchange adjustment gains	(40)	(286)
Decrease/(Increase) in fair value of investment properties	5,358	(13,367)
Net change in fair value on derivative financial instruments	437	(80)
Manager's management fees settled in units	1,011	1,120
Operating cash flows before changes in working capital	26,363	24,914
Trade and other receivables, current	17,214	(1,725)
Other assets, current	66	(332)
Trade and other payables, current	207	4,443
Other liabilities, current	(358)	(682)
Net cash flows from operating activities before income tax	43,492	26,618
Income taxes paid	(4,636)	(4,405)
Net cash flows from operating activities	38,856	22,213
Cash flows from investing activities		
Interest received	433	433
Increase in investment properties	(872)	(63,085)
Purchase of plant and equipment	(68)	-
Investment in quoted shares	(26)	-
Net cash flows used in investing activities	(533)	(62,652)
Cash flows from financing activities		
Increase in borrowings	-	29,571
Interest paid	(4,080)	(4,426)
Distribution to Unitholders	(16,954)	(16,687)
Net cash flows (used in)/from financing activities	(21,034)	8,458
Net increase/(decrease) in cash and cash equivalents	17,289	(31,981)
Cash and cash equivalents at beginning of the period	10,469	47,722
Cash and cash equivalents at end of the period	27,758	15,741

Note:

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

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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

	Group	
	31 Dec 2018	31 Dec 2017
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	74,775	93,558
Other income	(1,690)	(1,429)
Interest expense	16,500	15,725
Amortisation of borrowing costs	5,114	2,093
Foreign exchange adjustment losses/(gains)	380	(1,526)
Decrease/(Increase) in fair value of investment properties	5,358	(13,367)
Net change in fair value on derivative financial instruments	174	558
Manager's management fees settled in units	4,718	4,419
Operating cash flows before changes in working capital	105,329	100,031
Trade and other receivables, current	(6,211)	(14,179)
Other assets, current	(260)	(893)
Trade and other payables, current	2,430	3,576
Other liabilities, current	(2)	848
Net cash flows from operating activities before income tax	101,286	89,383
Income taxes paid	(18,611)	(17,010)
Net cash flows from operating activities	82,675	72,373
Cash flows from investing activities		
Interest received	1,690	1,432
Increase in investment properties	(1,178)	(63,181)
Purchase of plant and equipment	(68)	-
Investment in quoted shares	(26)	-
Progress payment for Siloam Hospitals Surabaya	-	(9,000)
Net cash flows from/(used in) investing activities	418	(70,749)
Cash flows from financing activities		
Increase in borrowings	14,663	63,071
Interest paid	(16,949)	(16,116)
Distribution to perpetual securities holders	(3,408)	(3,408)
Distribution to Unitholders	(65,382)	(63,006)
Net cash flows used in financing activities	(71,076)	(19,459)
Net increase/(decrease) in cash and cash equivalents	12,017	(17,835)
Cash and cash equivalents at beginning of the year	15,741	33,576
Cash and cash equivalents at end of the year	27,758	15,741

Note:

- 1) The increase in investment properties for FY 2017 relates to the acquisition of Buton Property in October 2017 and SHYG in December 2017.
- 2) The progress payment for Siloam Hospitals Surabaya relates to the second progress payment made for the development of new Siloam Hospitals Surabaya in August 2017.
- 3) The increase in borrowings for 2018 is due to the loan drawn down for working capital and capital expenditure requirements. For 2017, the increase in borrowings was due to loans drawn down to finance the second progress payment for development of new Siloam Hospitals Surabaya, and the acquisition of Buton Property and SHYG.

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

	Note	Group		Trust	
		4Q 2018	4Q 2017	4Q 2018	4Q 2017
		<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period		794,301	780,442	326,141	356,087
<u>Operations</u>					
Total return after tax		29,134	26,215	7,168	6,478
<u>Translation transactions</u>					
Net movement in foreign exchange reserve		301	84	-	-
<u>Unitholders' transactions</u>					
Manager's management fees paid in units		2,350	1,957	2,350	1,957
Manager's acquisition fees paid in units		-	285	-	285
Amount reserved for distribution to perpetual securities holders		(859)	(859)	(859)	(859)
Distribution to Unitholders		(16,952)	(16,687)	(16,952)	(16,687)
Balance at end of the financial period		808,275	791,437	317,848	347,261
<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		869,153	852,315	378,726	408,139

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.

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

Note	Group		Trust	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 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	75,875	73,438	29,994	32,078
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	370	(649)	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	9,113	6,876	9,113	6,876
Manager's acquisition fees paid in units	270	485	270	485
Issuance of units (DRP)	2,160	3,390	2,160	3,390
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Distribution to Unitholders	(67,542)	(66,396)	(67,542)	(66,396)
Balance at end of the financial year	808,275	791,437	317,848	347,261
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial year	60,878	60,878	60,878	60,878
Amount reserved for distribution to perpetual securities holders	3,408	3,408	3,408	3,408
Distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Balance at end of the financial year	60,878	60,878	60,878	60,878
Total	869,153	852,315	378,726	408,139

Note:

- 1) In 2016, the Trust issued S\$60.0 million of subordinated perpetual securities. The perpetual securities confer a right to receive distribution payments at the rate of 5.68% per annum, with the first distribution rate reset falling on 8 July 2021 and subsequent resets occurring every five years thereafter. Distributions under the perpetual securities will be payable semi-annually in arrears on 8 January and 8 July in each year on a discretionary basis. Any distribution unpaid will be non-cumulative in accordance with the terms and conditions of the perpetual securities.

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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

	Trust			
	Quarter		Year-to-date	
Note	4Q 2018	4Q 2017	31 Dec 2018	31 Dec 2017
Balance at beginning of period/year	786,684,626	778,252,048	779,954,506	771,579,482
Unitholders transactions:				
- Manager's management fees paid in units	1,795,299	1,495,095	6,751,821	5,313,865
- Manager's acquisition fee paid in units	-	207,363	191,788	361,838
- Issuance of units (DRP)	-	-	1,581,810	2,699,321
Balance at end of period/year	788,479,925	779,954,506	788,479,925	779,954,506
New units to be issued				
- Manager's management fees payable in units	1,833,382	1,538,145	1,833,382	1,538,145
Total issued and issuable units	790,313,307	781,492,651	790,313,307	781,492,651

Note:

- 1) The manager's management fees payable in units comprise 801,385 units for 4Q 2017 performance fee and 1,031,997 units for 4Q 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	
	31 Dec 2018	31 Dec 2017
	788,479,925	779,954,506

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 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		Full Year	
	4Q 2018	4Q 2017	31 Dec 2018	31 Dec 2017
<u>Earnings per unit</u>				
Weighted average number of units in issue	786,243,261	778,358,037	785,322,205	776,728,741
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	3.60	3.26	9.23	9.02
<u>Distribution per unit</u>				
Number of units in issue	788,479,925	779,954,506	788,479,925	779,954,506
<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	2.15	8.60	8.57

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

	Group		Trust	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value per unit (cents)	102.51	101.47	40.31	44.52

8. **Review of the performance**

4Q 2018 vs 4Q 2017

The results for this quarter includes the full quarter contribution from Siloam Hospitals Yogyakarta ("SHYG") which was acquired in 4Q 2017.

Gross revenue for 4Q 2018 increased by 2.7% to S\$29.3 million compared to 4Q 2017, mainly due to contribution from SHYG as well as existing properties.

8. Review of the performance (Cont'd)

Property operating expenses for 4Q 2018 increased by 41.0% to S\$791,000 compared to 4Q 2017 mainly due to higher expenses incurred for Sarang Hospital and Indonesia properties.

Manager's management fees for 4Q 2018 increased by 2.9% to S\$2.9 million compared to 4Q 2017, mainly due to higher property income and total assets.

Trustee fees for 4Q 2018 increased by 3.8% to S\$108,000 compared to 4Q 2017 mainly due to higher total assets.

Finance costs for 4Q 2018 increased to S\$5.9 million compared to 4Q 2017 mainly due to higher interest costs on loans and full quarter interest expenses for loan drawn down to finance the acquisition of SHYG in 4Q 2017.

Other expenses for 4Q 2018 decreased to S\$155,000 compared to 4Q 2017 mainly due to the absence of costs related to Medium Term Note ("MTN") exercise and change of trustee incurred in Q4 2017.

Net fair value losses on investment properties for 4Q 2018 of S\$5.4 million compared to net fair value gains on investment properties for 4Q 2017 was mainly due to losses on revaluation of investment properties.

Net change in fair value of derivative financial instruments for 4Q 2018 relates to the revaluation losses on the interest rate swap contracts.

Income tax benefit for 4Q 2018 of S\$15.0 million compared to income tax expense for 4Q 2017 mainly due to write back of provision for deferred taxation on fair value losses on investment properties resulting from a reduction in tax rates, partly offset by higher current tax expenses.

Total return after tax for 4Q 2018 increased as compared to 4Q 2017, mainly due to write back of provision for deferred taxation on fair value of investment properties offset by fair value losses on revaluation of investment properties and net losses on 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 and unrealised exchange gains from USD loan, total return after tax for 4Q 2018 will increase by 2.7% to S\$15.2 million compared to Q4 2017 of S\$14.8 million mainly due to increase in contribution from existing properties.

FY 2018 vs FY 2017

Gross revenue for FY 2018 increased by 4.7% to S\$116.2 million compared to FY 2017, mainly due to contribution from Buton Property and SHYG as well as from existing properties.

Property operating expenses for FY 2018 increased by 19.1% to S\$1.8 million compared to FY 2017, mainly due to the higher property expenses incurred for Sarang Hospital and Indonesia properties.

Interest income for FY 2018 increased to S\$1.7 million compared to FY 2017, mainly due to the returns from progress payments for the development of new Siloam Hospitals Surabaya.

Manager's management fees for FY 2018 increased by 5.1% to S\$11.4 million compared to FY 2017, mainly due to the higher net property income and total assets.

Trustee fees for FY 2018 increased by 5.4% to S\$427,000 compared to FY 2017 mainly due to higher total assets.

Finance costs for FY 2018 increased to S\$21.6 million compared to FY 2017 mainly due to higher interest rates on loans, 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 FY 2018 increased to S\$2.3 million compared to FY 2017 mainly due to unrealised exchange losses on USD loan.

8. Review of the performance (Cont'd)

Net fair value losses on investment properties for FY 2018 of S\$5.4 million compared to net fair value gains on investment properties for FY 2017 was mainly due to losses on revaluation of investment properties.

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

Income tax benefit for FY 2018 of S\$1.1 million compared to income tax expense for FY 2017 mainly due to write back of provision for deferred taxation on fair value losses on investment properties resulting from a reduction in tax rates, partly offset by higher current tax expenses.

Total return after tax for FY 2018 decreased as compared to FY 2017, mainly due to fair value losses on revaluation of investment properties offset by write back of provision for deferred taxation on fair value 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 losses/(gains) from USD loan, total return after tax for FY 2018 increased by 1.1% to S\$62.1 million compared to FY 2017 of S\$61.4 million mainly due to contribution from increase in contribution from existing 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

In October 2018, OUE Limited (“**OUE**”) and OUE Lippo Healthcare Limited (“**OUELH**”) completed the acquisition of 100.0% shareholding in Bowsprit Capital Corporation Limited from PT Lippo Karawaci Tbk (“**Lippo Karawaci**”), and OUELH also completed the acquisition of 83,593,683 First REIT’s units from Lippo Karawaci. With OUE and OUELJ on board, First REIT and Bowsprit are well-positioned to tap on the growing demand for quality and affordable healthcare services in the Asia Pacific region. In addition to the right-of-first-refusal to Lippo Karawaci’s pipeline of healthcare assets for acquisition in Indonesia, the Trust now also has a right-of-first-refusal from OUELH.

According to a United Nations Economic Social Commission Asia and the Pacific report¹, the Asia Pacific region is experiencing population ageing at an unprecedented pace, with the number of older persons expected to more than double, from 535 million in 2015 to about 1.3 billion in 2050. As such, demand for healthcare services is expected to increase in this region.

¹ <https://www.unescap.org/op-ed/older-persons-key-players-global-development-agenda>

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 2018 to 31 December 2018

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.12
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 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

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 24 January 2019 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 23 January 2019 at 9.00am.

11(d) Date Payable: 28 February 2019

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.

FIRST REAL ESTATE INVESTMENT TRUST
2018 FULL YEAR UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

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
2018				
Gross revenue	111,583	3,913	702	116,198
Net property income	110,762	3,414	215	114,391
Interest income	1,676	14	-	1,690
Manager's management fees				(11,435)
Trustee fees				(427)
Finance costs				(21,614)
Other trust expenses				(2,298)
Net income before undernoted				80,307
Decrease in fair values of investment properties	(4,014)	(912)	(432)	(5,358)
Net losses in fair value of derivative financial instruments				(174)
Net income for the year before income tax				74,775
Income tax benefits/(expenses)	1,020	155	(75)	1,100
Total return for the year after income tax				75,875
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

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
Assets and liabilities				
2018				
Segment assets including properties	1,371,979	55,942	10,853	1,438,774
Total assets				1,438,774
2017				
Segment assets including properties	1,368,897	45,467	9,483	1,423,847
Total assets				1,423,847

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 2018	31 Dec 2017	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	57,637	54,628	5.5%
Total return after income tax for first half year	30,984	30,997	-
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 and unrealized exchange from USD loan for first half year	31,145	31,107	0.1%
Gross revenue reported for second half year	58,561	56,365	3.9%
Total return after income tax for second half year	44,891	42,441	5.8%
Total return after income tax but before change in fair values of investment properties net of deferred tax, net change in fair value of derivative financial instruments and unrealized exchange from USD loan for second half year	30,941	30,301	2.1%

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	67,542	66,396

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 2018.

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 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 31 December 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.

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)

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
16 January 2019
