FIRST REAL ESTATE INVESTMENT TRUST
2018 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006. 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 & 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.

Summary of First REIT's Results

	Group					
	Quarter			Year-to-date		
	3Q 2018	3Q 2017	Change	30 Sep 2018	30 Sep 2017	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Gross Revenue	29,240	27,814	5.1%	86,877	82,442	5.4%
Net Property Income	28,939	27,465	5.4%	85,861	81,486	5.4%
Distributable Amount	16,942	16,700	1.4%	50,743	49,935	1.6%
Distribution per unit (cts)	2.15	2.14	0.5%	6.45	6.42	0.5%
Annualised Distribution per unit (cts)	8.62	8.57[1]	0.6%	8.62	8.57[1]	0.6%

Note:

1) Actual distribution paid for FY 2017.

Distribution Details

Distribution	1 July 2018 to 30 September 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 – 0.08 cents per unit (b) Tax-exempt income distribution – 1.10 cents per unit (c) Capital distribution – 0.97 cents per unit
Book closure date	1 November 2018 at 5.00 pm
Ex-dividend date	30 October 2018 at 9.00 am
Payment date	29 November 2018

Distribution Reinvestment Plan ("DRP")

The DRP will not be applicable for this quarter. All Unitholders will be receiving 3Q 2018 DPU of Singapore 2.15 cents in cash, payable on 29 November 2018. The Manager may consider applying the DRP at a later date and Unitholders will be notified accordingly.

1(a)(i) Statement of Comprehensive Income

		Group					
		Quarter			Year-to-date		
	Note	3Q 2018	3Q 2017	Change	30 Sep 2018	30 Sep 2017	Change
		S$'000	S$'000	%	S$'000	S$'000	%
Gross revenue		**29,240**	**27,814**	**5.1%**	**86,877**	**82,442**	**5.4%**
Property operating expenses	1	(301)	(349)	(13.8%)	(1,016)	(956)	6.3%
Net property income		**28,939**	**27,465**	**5.4%**	**85,861**	**81,486**	**5.4%**
Interest income	2	420	368	14.1%	1,257	992	26.7%
Manager's management fees		(2,894)	(2,740)	5.6%	(8,560)	(8,083)	5.9%
Trustee fees		(109)	(103)	5.8%	(319)	(301)	6.0%
Finance costs	3	(5,498)	(4,389)	25.3%	(15,708)	(12,943)	21.4%
Other expenses	4	(470)	(371)	26.7%	(2,143)	(44)	NM
Net income before the undernoted		**20,388**	**20,230**	**0.8%**	**60,388**	**61,107**	**(1.2%)**
Net change in fair value of derivative financial instruments	5	50	443	(88.7%)	263	(638)	NM
Total return for the period before income tax		**20,438**	**20,673**	**(1.1%)**	**60,651**	**60,469**	**0.3%**
Income tax expense	6	(4,681)	(4,447)	5.3%	(13,910)	(13,246)	5.0%
Total return for the period after income tax		**15,757**	**16,226**	**(2.9%)**	**46,741**	**47,223**	**(1.0%)**
Other comprehensive return: Exchange differences on translating foreign operations, net of tax		36	(155)	NM	69	(733)	NM
Total comprehensive return for the period		**15,793**	**16,071**	**(1.7%)**	**46,810**	**46,490**	**0.7%**
Total return for the period after income tax attributable:							
Unitholders		14,898	15,367	(3.1%)	44,192	44,674	(1.1%)
Perpetual securities holders		859	859	-	2,549	2,549	-
		15,757	**16,226**	**(2.9%)**	**46,741**	**47,223**	**(1.0%)**

Note:
NM – Not meaningful

The results for 3Q 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.

1) Property operating expenses for 3Q 2018 decreased by 13.8% to S$301,000 compared to 3Q 2017 mainly due to lower expenses incurred for Indonesia properties.

2) Interest income for 3Q 2018 increased to S$420,000 compared to 3Q 2017 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

3) Finance cost for 3Q 2018 increased to S$5.5 million compared to 3Q 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.

4) Other expenses for 3Q 2018 increased to S$470,000 compared to 3Q 2017 mainly due to unrealised exchange loss on USD loan.

5) Net change in fair value of derivative financial instruments for 3Q 2018 relates to the revaluation of interest rate swap contracts.

6) Income tax expense for 3Q 2018 increased to S$4.7 million compared to 3Q 2017 mainly due to higher revenue.

1(a)(ii) Statement of Distribution

		Group					
		Quarter			Year-to-date		
	Note	3Q 2018	3Q 2017	Change	30 Sep 2018	30 Sep 2017	Change
		S$'000	S$'000	%	S$'000	S$'000	%
Total return for the period after income tax		15,757	16,226	(2.9%)	46,741	47,223	(1.0%)
Adjustments for tax purposes:							
- Manager's management fees payable in units		2,369	2,325	1.9%	7,441	6,653	11.8%
- Foreign exchange losses/(gains)		46	(269)	NM	420	(1,240)	NM
- Net change in fair value of derivative financial instruments		(50)	(443)	(88.7%)	(263)	638	NM
- Amount reserved for distribution to perpetual securities holders	1	(859)	(859)	-	(2,549)	(2,549)	-
- Others		(321)	(280)	14.6%	(1,047)	(790)	32.5%
Total available for distribution to Unitholders		**16,942**	**16,700**	**1.4%**	**50,743**	**49,935**	**1.6%**
Unitholders' distribution:							
- as distribution from operations		9,277	9,722	(4.6%)	27,921	29,069	(3.9%)
- as distribution of Unitholders' capital contribution		7,665	6,978	9.8%	22,822	20,866	9.4%
Distribution amount to Unitholders		**16,942**	**16,700**	**1.4%**	**50,743**	**49,935**	**1.6%**

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.

1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
		S$'000	S$'000	S$'000	S$'000
Assets					
Non-current Assets					
Investment properties		1,349,802	1,349,303	35,809	35,500
Investments in subsidiaries		-	-	777,794	804,472
Loan receivable, non-current		-	-	40,630	44,239
Deferred tax assets		1,213	1,213	1,213	1,213
Other receivable, non-current		27,035	27,035	-	-
Derivative financial instruments		80	-	80	-
Total non-current assets		1,378,130	1,377,551	855,526	885,424
Current Assets					
Trade and other receivables, current	1	49,283	25,982	33,656	13,287
Loan receivable, current		-	-	4,191	4,191
Other assets, current		4,899	4,573	71	25
Cash and cash equivalents		10,469	15,741	3,255	8,194
Total current assets		64,651	46,296	41,173	25,697
Total Assets		**1,442,781**	**1,423,847**	**896,699**	**911,121**
Non-current Liabilities					
Deferred tax liabilities		51,396	51,396	-	-
Other financial liabilities, non-current	2	385,623	278,125	385,623	278,125
Derivative financial instruments		52	512	52	512
Total non-current liabilities		437,071	330,033	385,675	278,637
Current Liabilities					
Income tax payable		1,936	2,000	-	-
Trade and other payables, current		16,516	18,216	13,104	23,931
Other financial liabilities, current	2	109,761	198,324	109,761	198,324
Other liabilities, current		23,151	22,795	1,973	1,926
Derivative financial instruments		26	164	26	164
Total current liabilities		151,390	241,499	124,864	224,345
Total Liabilities		**588,461**	**571,532**	**510,539**	**502,982**
Net assets		**854,320**	**852,315**	**386,160**	**408,139**
Represented by:					
Issued equity		393,284	406,603	393,284	406,603
Retained earnings/(Accumulated losses)		399,905	383,791	(67,143)	(59,342)
Foreign exchange reserve		1,112	1,043	-	-
Net assets attributable to unitholders		**794,301**	**791,437**	**326,141**	**347,261**
Perpetual securities holders' fund		60,019	60,878	60,019	60,878
Net assets attributable to perpetual securities holders		**60,019**	**60,878**	**60,019**	**60,878**
		854,320	**852,315**	**386,160**	**408,139**

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

Note:

1) Trade and other receivables increased from S$26.0 million to S$49.3 million mainly due to advance rental receivables from tenants. On 15 October 2018, the Trust has received rental payments amounting to S$17.5 million from tenants.

2) Other financial liabilities, current and non-current increased from S$476.4 million to S$495.4 million mainly due to higher loan amounts for working capital and capital expenditure requirements.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	30 Sep 2018	31 Dec 2017
	S$'000	S$'000
Amount repayable after one year		
Secured	393,002	269,550
Unsecured	-	10,000
Less: Transaction costs	(7,379)	(1,425)
Total Borrowings, Non-current	**385,623**	**278,125**
Amount repayable within one year		
Secured	-	99,031
Unsecured (Note 1)	110,000	100,000
Less: Transaction costs	(239)	(707)
Total Borrowings, Current	**109,761**	**198,324**

Note:

1) The Trust is in negotiation with the banks to extend and refinance the total current borrowings, which relate to term loan facilities that are 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.

1(c) Statement of Cash Flows

		Group	
		3Q 2018	3Q 2017
	Note	S$'000	S$'000
Cash flows from operating activities			
Total return before income tax		20,438	20,673
Other income		(420)	(368)
Interest expense		4,115	3,949
Amortisation of borrowing costs		1,383	440
Foreign exchange adjustment losses/(gains)		46	(269)
Net change in fair value on derivative financial instruments		(50)	(443)
Manager's management fees settled in units		1,183	1,157
Operating cash flows before changes in working capital		**26,695**	**25,139**
Trade and other receivables, current		(20,163)	(5,249)
Other assets, current		(175)	(325)
Trade and other payables, current		1,706	2,177
Other liabilities, current		(194)	(278)
Net cash flows from operating activities before income tax		**7,869**	**21,464**
Income taxes paid		(4,610)	(3,945)
Net cash flows from operating activities		**3,259**	**17,519**
Cash flows from investing activities			
Interest received		420	404
Increase in investment properties		(5)	(3)
Progress payment for Siloam Hospitals Surabaya	1	-	(9,000)
Net cash flows from/(used in) investing activities		**415**	**(8,599)**
Cash flows from financing activities			
Increase in borrowings	2	12,535	33,500
Interest paid		(3,458)	(4,002)
Distribution to perpetual securities holders		(1,690)	(1,690)
Distribution to Unitholders		(16,912)	(16,655)
Net cash flows (used in)/from financing activities		**(9,525)**	**11,153**
Net (decrease)/increase in cash and cash equivalents		**(5,851)**	**20,073**
Cash and cash equivalents at beginning of the period		**16,320**	**27,649**
Cash and cash equivalents at end of the period		**10,469**	**47,722**

Note:

1) 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.

2) The increase in borrowings for 3Q 2018 is due to the loan drawn down for working capital and capital expenditure requirements. For 3Q 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.

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

		Group	
		30 Sep 2018	30 Sep 2017
	Note	S$'000	S$'000
Cash flows from operating activities			
Total return before income tax		60,651	60,469
Other income		(1,257)	(992)
Interest expense		12,270	11,591
Amortisation of borrowing costs		3,438	1,352
Foreign exchange adjustment losses/(gains)		420	(1,240)
Net change in fair value on derivative financial instruments		(263)	638
Manager's management fees settled in units		3,707	3,299
Operating cash flows before changes in working capital		**78,966**	**75,117**
Trade and other receivables, current		(23,425)	(12,454)
Other assets, current		(326)	(561)
Trade and other payables, current		2,223	(867)
Other liabilities, current		356	1,530
Net cash flows from operating activities before income tax		**57,794**	**62,765**
Income taxes paid		(13,975)	(12,605)
Net cash flows from operating activities		**43,819**	**50,160**
Cash flows from investing activities			
Interest received		1,257	999
Increase in investment properties		(306)	(96)
Progress payment for Siloam Hospitals Surabaya	1	-	(9,000)
Net cash flows from/(used in) investing activities		**951**	**(8,097)**
Cash flows from financing activities			
Increase in borrowings	2	14,663	33,500
Interest paid		(12,869)	(11,690)
Distribution to perpetual securities holders		(3,408)	(3,408)
Distribution to Unitholders		(48,428)	(46,319)
Net cash flows used in financing activities		**(50,042)**	**(27,917)**
Net (decrease)/increase in cash and cash equivalents		**(5,272)**	**14,146**
Cash and cash equivalents at beginning of the year		**15,741**	**33,576**
Cash and cash equivalents at end of the period		**10,469**	**47,722**

Note:

1) The progress payment for Siloam Hospitals Surabaya relates to the second progress payment made for the development of new Siloam Hospitals Surabaya in 3Q 2017.

2) 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.

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

	Note	Group		Trust	
		3Q 2018	3Q 2017	3Q 2018	3Q 2017
		S$'000	S$'000	S$'000	S$'000
Balance at beginning of the financial period		793,995	780,032	333,955	362,734
Operations					
Total return after tax		15,757	16,226	7,673	9,014
Translation transactions					
Net movement in foreign exchange reserve		36	(155)	-	-
Unitholders' transactions					
Manager's management fees paid in units		2,284	1,853	2,284	1,853
Amount reserved for distribution to perpetual securities holders		(859)	(859)	(859)	(859)
Distribution to Unitholders		(16,912)	(16,655)	(16,912)	(16,655)
Balance at end of the financial period		794,301	780,442	326,141	356,087
Perpetual Securities Holders' Fund					
Balance at beginning of the financial period		60,850	60,850	60,850	60,850
Amount reserved for distribution to perpetual securities holders		859	859	859	859
Distribution to perpetual securities holders		(1,690)	(1,690)	(1,690)	(1,690)
Balance at end of the financial period	1	60,019	60,019	60,019	60,019
Total		854,320	840,461	386,160	416,106

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	
		30 Sep 2018	30 Sep 2017	30 Sep 2018	30 Sep 2017
		S$'000	S$'000	S$'000	S$'000
Balance at beginning of the financial year		791,437	777,701	347,261	374,236
Operations					
Total return after tax		46,741	47,223	22,826	25,600
Translation transactions					
Net movement in foreign exchange reserve		69	(733)	-	-
Unitholders' transactions					
Manager's management fees paid in units		6,761	4,919	6,761	4,919
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		(2,549)	(2,549)	(2,549)	(2,549)
Distribution to Unitholders		(50,588)	(49,709)	(50,588)	(49,709)
Balance at end of the financial period		794,301	780,442	326,141	356,087
Perpetual Securities Holders' Fund					
Balance at beginning of the financial year		60,878	60,878	60,878	60,878
Amount reserved for distribution to perpetual securities holders		2,549	2,549	2,549	2,549
Distribution to perpetual securities holders		(3,408)	(3,408)	(3,408)	(3,408)
Balance at end of the financial period	1	60,019	60,019	60,019	60,019
Total		854,320	840,461	386,160	416,106

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

		Trust			
		Quarter		Year-to-date	
	Note	3Q 2018	3Q 2017	30 Sep 2018	30 Sep 2017
Balance at beginning of period/year		**785,014,035**	**776,821,859**	**779,954,506**	**771,579,482**
Unitholders transactions:					
- Manager's management fees paid in units		1,670,591	1,430,189	4,956,522	3,818,770
- 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/year		**786,684,626**	**778,252,048**	**786,684,626**	**778,252,048**
New units to be issued					
- Manager's management fees payable in units	1	1,795,299	1,495,095	1,795,299	1,495,095
Total issued and issuable units		**788,479,925**	**779,747,143**	**788,479,925**	**779,747,143**

Note:

1) The manager's management fees payable in units comprise 835,485 units for 3Q 2017 performance fee and 959,814 units for 3Q 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 Sep 2018	31 Dec 2017
Issued units at end of period/year	**786,684,626**	**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.

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	
	3Q 2018	3Q 2017	30 Sep 2018	30 Sep 2017
Earnings per unit				
Weighted average number of units in issue	784,740,674	777,116,783	784,356,708	775,797,094
Earnings per unit in cents attributable to unitholders				
Basic and fully diluted basis	1.90	1.98	5.63	5.76
Distribution per unit				
Number of units in issue	786,684,626	778,252,048	786,684,626	778,252,048
Distribution per unit in cents attributable to unitholders				
Based on the number of units in issue at the end of the period	2.15	2.14	6.45	6.42

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

	Group		Trust	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
Net asset value per unit (cents)	100.97	101.47	41.46	44.52

8. Review of the performance

3Q 2018 vs 3Q 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 3Q 2018 increased by 5.1% to S$29.2 million compared to 3Q 2017 mainly due to contribution from Buton Property and SHYG as well as existing properties.

Property operating expenses for 3Q 2018 decreased by 13.8% to S$301,000 compared to 3Q 2017 mainly due to lower expenses incurred for Indonesia properties.

Interest income for 3Q 2018 increased to S$420,000 compared to 3Q 2017 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Manager's management fees for 3Q 2018 increased by 5.6% to S$2.9 million compared to 3Q 2017 mainly due to higher net property income and total assets.

Trustee fees for 3Q 2018 increased by 5.8% to S$109,000 compared to 3Q 2017 mainly due to higher total assets.

Finance cost for 3Q 2018 increased to S$5.5 million compared to 3Q 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 3Q 2018 increased to S$470,000 compared to 3Q 2017 mainly due to unrealised exchange loss on USD loan.

Net change in fair value of derivative financial instruments for 3Q 2018 relates to the revaluation of interest rate swap contracts.

Income tax expense for 3Q 2018 increased to S$4.7 million compared to 3Q 2017 mainly due to higher revenue.

9M 2018 vs 9M 2017

Gross revenue for 9M 2018 increased by 5.4% to S$86.9 million compared to 9M 2017, mainly due to contribution from contribution from Buton Property and SHYG as well as existing properties.

Property operating expenses for 9M 2018 increased by 6.3% to S$1.0 million compared to 9M 2017, mainly due to the higher professional expenses incurred for Indonesia properties.

Interest income for 9M 2018 increased to S$1.3 million compared to 9M 2017, mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Manager's management fees for 9M 2018 increased by 5.9% to S$8.6 million compared to 9M 2017 mainly due to higher net property income and total assets.

Trustee fees for 9M 2018 increased by 6.0% to S$319,000 compared to 9M 2017 mainly due to higher total assets.

Finance costs for 9M 2018 increased to S$15.7 million compared to 9M 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 9M 2018 increased to S$2.1 million compared to 9M 2017 mainly due to the unrealised exchange loss on USD loan.

Net change in fair value of derivative financial instruments for 9M 2018 relates to the termination and revaluation of interest rate swap contracts.

Income tax expense for 9M 2018 increased to S$13.9 million compared to 9M 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**

The Indonesian economy registered its fastest quarterly growth in four and a half years with its gross domestic product increasing 5.27%[1] y-oy in the second quarter of 2018, beating its first quarter's growth and consensus estimates. This was mainly driven by robust consumption during the Muslim fasting month. The Indonesian Rupiah has continued to face selling pressures amidst rising US interest rates and fears of market contagion from Turkey and Argentina. To counter the Rupiah depreciation, Bank Indonesia has intervened in the foreign exchange markets, raised import taxes and also increased interest rates several times during the year, with the latest on 27 September 2018, bringing interest rate to 5.75%[2]. President Joko Widodo has announced Indonesia's growth forecast for 2019 to be 5.3%[3], driven by stronger domestic consumption, investment and exports, and supported by a stronger spending push planned for 2019.

Private healthcare demand will continue to see support from the growing nationwide adoption of the national health insurance scheme and healthcare spending in Indonesia has been projected to rise to Rp1,224 trillion by 2027[4]. First REIT continues to be well-positioned to benefit from this trend with its right of first refusal to Lippo Karawaci's healthy pipeline of hospitals in Indonesia.

Subject to the completion of the proposed acquisition of Bowsprit by OUELH from Lippo Karawaci, First REIT will also have access to OUELH's growing portfolio of healthcare and/or healthcare-related assets across Pan-Asia.

[1] 7 August 2018, The Business Times - Indonesia Q2 growth fastest in 4.5 years; beats expectations
[2] 28 September 2018, CNBC - Indonesia hikes rates again to defend its currency, but analysts see further weakness
[3] 17 August 2018, The Business Times - Jokowi plans record spending next year
[4] 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: Distribution for the period from 1 July 2018 to 30 September 2018

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.10
Capital	0.97
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 July 2017 to 30 September 2017

i. Distribution Type: Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.06
Tax-Exempt Income	1.19
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 1 November 2018 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 30 October 2018 at 9.00am.

11(d) Date Payable: 29 November 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 September 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 September 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
16 October 2018