
**FIRST REAL ESTATE INVESTMENT TRUST
2019 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 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			Full Year		
	4Q 2019	4Q 2018	Change	31 Dec 2019	31 Dec 2018	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Rental and Other Income	28,860	29,321	(1.6%)	115,297	116,198	(0.8%)
Net Property and Other Income	28,304	28,530	(0.8%)	112,894	114,391	(1.3%)
Distributable Amount	17,169	17,014	0.9%	68,463	67,681	1.2%
Distribution per unit (cts)	2.15	2.15	-	8.60	8.60 ¹	-
Annualised Distribution per unit (cts)	8.60	8.60 ¹	-	8.60	8.60 ¹	-

Note:

- 1) Actual distribution paid for FY 2018.

Distribution Details

Distribution	1 October 2019 to 31 December 2019
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 – 1.15 cents per unit (c) Capital distribution – 0.91 cents per unit
Book closure date	6 February 2020 at 5.00 pm
Ex-dividend date	5 February 2020 at 9.00 am
Payment date	13 March 2020

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1(a)(i) Statement of Total Return

		Group					
		Quarter			Full Year		
Note	4Q 2019	4Q 2018	Change	31 Dec 2019	31 Dec 2018	Change	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
	28,860	29,321	(1.6%)	115,297	116,198	(0.8%)	
Rental and other income	1						
Property operating expenses	2	(556)	(791)	(29.7%)	(2,403)	(1,807)	33.0%
Net property and other income	28,304	28,530	(0.8%)	112,894	114,391	(1.3%)	
Interest income	3	746	433	72.3%	2,364	1,690	39.9%
Manager's management fees		(2,837)	(2,875)	(1.3%)	(11,401)	(11,435)	(0.3%)
Trustee fees		(108)	(108)	-	(430)	(427)	0.7%
Finance costs	4	(5,237)	(5,906)	(11.3%)	(20,390)	(21,614)	(5.7%)
Other income/(expenses)	5	141	(155)	NM	(1,002)	(2,298)	(56.4%)
Net income before the undernoted	21,009	19,919	5.5%	82,035	80,307	2.2%	
Net fair value losses on investment properties		(5,607)	(5,358)	4.6%	(5,607)	(5,358)	4.6%
Net fair value losses of derivative financial instruments	6	(287)	(437)	(34.3%)	(1,040)	(174)	NM
Total return for the period/year before income tax	15,115	14,124	7.0%	75,388	74,775	0.8%	
Income tax (expense)/benefit	7	(12,448)	15,010	NM	(26,472)	1,100	NM
Total return for the period/year after income tax	2,667	29,134	(90.8%)	48,916	75,875	(35.5%)	
Other comprehensive return: Items that may be reclassified subsequently to profit or loss:							
Exchange differences on translating foreign operations, net of tax		(242)	301	NM	(133)	370	NM
Total comprehensive income for the year	2,425	29,435	(91.8%)	48,783	76,245	(36.0%)	
Total return for the year after income tax attributable:							
Unitholders		1,808	28,275	(93.6%)	45,508	72,467	(37.2%)
Perpetual securities holders		859	859	-	3,408	3,408	-
	2,667	29,134	(90.8%)	48,916	75,875	(35.5%)	

Note:

NM – Not meaningful

- Rental and other income for 4Q 2019 decreased by 1.6% to S\$28.9 million compared to 4Q 2018 mainly due to lower variable rental component for Indonesia properties.
- Property operating expenses for 4Q 2019 decreased by 29.7% to S\$0.6 million compared to 4Q 2018 mainly due to lower property expenses incurred for South Korea and Indonesia properties.
- Interest income for 4Q 2019 increased to S\$0.7 million compared to 4Q 2018 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.
- Finance costs for 4Q 2019 decreased to S\$5.2 million compared to 4Q 2018 mainly due to absence of write off of unamortised loan related costs in 2018 as a result of refinancing of bank loans.

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- 5) Other income for 4Q 2019 as compared to other expenses for 4Q 2018 mainly due to higher unrealised exchange gain on USD loan.
- 6) Net change in fair value of derivative financial instruments for 4Q 2019 relates to the revaluation losses on the interest rate swap contracts.
- 7) Income tax expense for 4Q 2019 of S\$12.4 million compared to income tax benefit for 4Q 2018 mainly due to absence of write back of provision for deferred taxation on changes in fair value on investment properties in 2018.

1(a)(ii) Statement of Distribution

	Group						
	Note	Quarter			Full Year		
		4Q 2019	4Q 2018	Change	31 Dec 2019	31 Dec 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%	
Total return for the period/year after income tax		2,667	29,134	(90.8%)	48,916	75,875	(35.5%)
Adjustments for tax purposes:							
- Manager's management fees payable in units		2,531	2,018	25.4%	9,747	9,459	3.0%
- Foreign exchange (gains)/losses		(491)	(40)	NM	(245)	380	NM
- Change in fair value on investment properties, net of deferred tax	1	13,361	(14,343)	NM	13,361	(14,343)	NM
- Net fair value losses of derivative financial instruments		287	437	(34.3%)	1,040	174	NM
- Amount reserved for distribution to perpetual securities holders	2	(859)	(859)	-	(3,408)	(3,408)	-
- Others		(327)	667	NM	(948)	(456)	107.9%
Total available for distribution to Unitholders		17,169	17,014	0.9%	68,463	67,681	1.2%
Unitholders' distribution:							
- as distribution from operations		9,888	9,430	4.9%	39,544	37,275	6.1%
- as distribution of Unitholders' capital contribution		7,281	7,584	(4.0%)	28,919	30,406	(4.9%)
Distributable amount to Unitholders		17,169	17,014	0.9%	68,463	67,681	1.2%

Note:

NM – Not meaningful

- 1) The change in fair value on investment properties, net of deferred tax comprises of the following figures.

	Group			
	Quarter		Full Year	
	4Q 2019	4Q 2018	31 Dec 2019	31 Dec 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Fair value losses on investment properties	5,607	5,358	5,607	5,358
Deferred tax expense/(benefit)	7,754	(19,701)	7,754	(19,701)
Change in fair value on investment properties, net of deferred tax	13,361	(14,343)	13,361	(14,343)

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- 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 2019 S\$'000	31 Dec 2018 S\$'000	31 Dec 2019 S\$'000	31 Dec 2018 S\$'000
Assets					
Non-current Assets					
Plant and equipment		55	68	-	-
Investment properties	1	1,340,780	1,345,295	34,500	34,900
Investments in subsidiaries		-	-	754,569	778,734
Loan receivable, non-current		-	-	34,661	39,415
Deferred tax assets		1,467	1,368	1,467	1,368
Other receivable, non-current	2	-	27,035	-	-
Total non-current assets		1,342,302	1,373,766	825,197	854,417
Current Assets					
Trade and other receivables, current	2	48,833	32,391	8,471	17,548
Loan receivable, current		-	-	4,191	4,191
Other assets, current		3,021	4,833	912	251
Other financial assets, current		-	26	-	-
Cash and cash equivalents		32,980	27,758	26,084	18,314
Total current assets		84,834	65,008	39,658	40,304
Total Assets		1,427,136	1,438,774	864,855	894,721
Non-current Liabilities					
Deferred tax liabilities	3	39,703	31,850	-	-
Other financial liabilities, non-current	4	486,410	386,761	486,410	386,761
Derivative financial instruments		1,253	250	1,253	250
Total non-current liabilities		527,366	418,861	487,663	387,011
Current Liabilities					
Income tax payable		1,951	1,989	-	-
Trade and other payables, current		18,840	16,135	26,070	17,176
Other financial liabilities, current	4	-	109,658	-	109,658
Other liabilities, current		23,043	22,793	2,004	1,965
Derivative financial instruments		222	185	222	185
Total current liabilities		44,056	150,760	28,296	128,984
Total Liabilities		571,422	569,621	515,959	515,995
Net Assets		855,714	869,153	348,896	378,726
Represented by:					
Net assets attributable to unitholders		794,836	808,275	288,018	317,848
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
		855,714	869,153	348,896	378,726

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

Note:

- 1) Investment properties decreased from S\$1,345.3 million to S\$1,340.8 million mainly due to fair value losses on revaluation of investment properties.
- 2) Trade and other receivables, current increased from S\$32.4 million to S\$48.8 million mainly due to reclassification of S\$27.0 million from other receivables, non-current to current in relation to the progress payments for the development of new Siloam Hospitals Surabaya, partly offset by rental received from tenants.
- 3) Deferred tax liabilities increased from S\$31.9 million to S\$39.7 million mainly due to higher provision for deferred taxation on change in fair value on investment properties.
- 4) Other financial liabilities, non-current and current decreased from S\$496.4 million to S\$486.4 million mainly due to repayment of loan in March 2019.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	31 Dec 2019	31 Dec 2018
	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year		
Secured	492,717	392,962
Less: Transaction costs	(6,307)	(6,201)
Total Borrowings, Non-current	486,410	386,761
Amount repayable within one year		
Unsecured	-	110,000
Less: Transaction costs	-	(342)
Total Borrowings, Current	-	109,658

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 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, Icon1 Holdings Pte Ltd, PT Tata Prima Indah and PT Yogya Central Terpadu.

Interest Rate Swaps

First REIT has interest rate swaps to hedge the floating rate loan facilities with banks. The changes in fair value of the interest rate swaps was recognised in the Statements of Total Return.

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1(c) Statement of Cash Flows

	Group	
	4Q 2019	4Q 2018
	Note	S\$'000
Cash flows from operating activities		
Total return before income tax	15,115	14,124
Other income	(746)	(433)
Interest expense	4,433	4,230
Amortisation of borrowing costs	804	1,676
Depreciation expenses	4	-
Foreign exchange gains	(491)	(40)
Decrease in fair value of investment properties	5,607	5,358
Net fair value losses of derivative financial instruments	287	437
Losses on disposal of quoted shares	8	-
Manager's management fees settled in units	1,271	1,011
Operating cash flows before changes in working capital	26,292	26,363
Trade and other receivables, current	1,638	17,214
Other assets, current	72	66
Trade and other payables, current	1,654	207
Other liabilities, current	(495)	(358)
Net cash flows from operating activities before income tax	29,161	43,492
Income taxes paid	(4,649)	(4,636)
Net cash flows from operating activities	24,512	38,856
Cash flows from investing activities		
Increase in investment properties	(992)	(872)
Interest received	730	433
Purchase of plant and equipment	-	(68)
Investment in quoted shares	(89)	(26)
Disposal in quoted shares	160	-
Net cash flows used in investing activities	(191)	(533)
Cash flows from financing activities		
Distribution to Unitholders	(17,150)	(16,954)
Interest paid	(2,694)	(4,080)
Net cash flows used in financing activities	(19,844)	(21,034)
Net increase in cash and cash equivalents	4,477	17,289
Cash and cash equivalents at beginning of the period	28,503	10,469
Cash and cash equivalents at end of the period	32,980	27,758

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

	Group	
	31 Dec 2019	31 Dec 2018
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	75,388	74,775
Other income	(2,364)	(1,690)
Interest expense	17,493	16,500
Amortisation of borrowing costs	2,897	5,114
Depreciation expenses	13	-
Foreign exchange (gains)/losses	(245)	380
Decrease in fair value of investment properties	5,607	5,358
Net fair value losses of derivative financial instruments	1,040	174
Losses on disposal of quoted shares	7	-
Manager's management fees settled in units	4,878	4,718
Operating cash flows before changes in working capital	104,714	105,329
Trade and other receivables, current	10,589	(6,211)
Other assets, current	1,812	(260)
Trade and other payables, current	1,467	(6,907)
Other liabilities, current	250	(2)
Net cash flows from operating activities before income tax	118,832	91,949
Income taxes paid	(18,756)	(18,611)
Net cash flows from operating activities	100,076	73,338
Cash flows from investing activities		
Increase in investment properties	(1,202)	(1,178)
Interest received	2,345	1,690
Purchase of plant and equipment	-	(68)
Investment in quoted shares	(620)	(26)
Disposal of quoted shares	639	-
Net cash flows from investing activities	1,162	418
Cash flows from financing activities		
Distribution to Unitholders	(68,285)	(65,382)
Increase in borrowings	1	24,000
Repayment of borrowings	2	-
Interest paid	(14,323)	(16,949)
Distribution to perpetual securities holders	(3,408)	(3,408)
Net cash flows used in financing activities	(96,016)	(61,739)
Net increase in cash and cash equivalents	5,222	12,017
Cash and cash equivalents at beginning of the year	27,758	15,741
Cash and cash equivalents at end of the year	32,980	27,758

Note:

- 1) The increase in borrowings for 2019 was due to loan drawdown to repay loan matured in May 2019. For 2018, the increase in borrowings was due to loan drawdown for working capital and capital expenditure requirements.
- 2) This relates to repayment of loans upon maturity.

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

	Group		Trust	
	4Q 2019	4Q 2018	4Q 2019	4Q 2018
Note	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	808,049	794,301	295,565	326,141
<u>Operations</u>				
Total return after tax attributable to unitholders of Trust	2,667	29,134	8,091	7,168
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(242)	301	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	2,371	2,350	2,371	2,350
Amount reserved for distribution to perpetual securities holders	(859)	(859)	(859)	(859)
Distribution to Unitholders	(17,150)	(16,952)	(17,150)	(16,952)
Balance at end of the financial period	794,836	808,275	288,018	317,848
<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	60,878	60,878	60,878	60,878
Total	855,714	869,153	348,896	378,726

Note:

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

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

Note	Group		Trust	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial year	808,275	791,437	317,848	347,261
<u>Operations</u>				
Total return after tax attributable to unitholders of Trust	48,916	75,875	32,392	29,994
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(133)	370	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	9,471	9,113	9,471	9,113
Manager's acquisition fees paid in units	-	270	-	270
Issuance of units (DRP)	-	2,160	-	2,160
Amount reserved for distribution to perpetual securities holders	(3,408)	(3,408)	(3,408)	(3,408)
Distribution to Unitholders	(68,285)	(67,542)	(68,285)	(67,542)
Balance at end of the financial year	794,836	808,275	288,018	317,848
<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	855,714	869,153	348,896	378,726

Note:

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

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

	Trust			
	Quarter		Year-to-date	
	4Q 2019	4Q 2018	31 Dec 2019	31 Dec 2018
Balance at beginning of period/year	795,322,908	786,684,626	788,479,925	779,954,506
Unitholders transactions:				
- Manager's management fees paid in units	2,351,607	1,795,299	9,194,590	6,751,821
- Manager's acquisition fee paid in units	-	-	-	191,788
- Issuance of units (DRP)	-	-	-	1,581,810
Balance at end of period/year	797,674,515	788,479,925	797,674,515	788,479,925
New units to be issued				
- Manager's management fees payable in units	2,318,459	1,833,382	2,318,459	1,833,382
Total issued and issuable units	799,992,974	790,313,307	799,992,974	790,313,307

Note:

- 1) The manager's management fees payable in units comprise 1,048,772 units for 4Q 2018 performance fee and 1,269,687 units for 4Q 2019 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 2019	31 Dec 2018
Issued units at end of period/year	797,674,515	788,479,925

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.

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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 2018.

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

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2019. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. Earnings per unit (“EPU”) and available distribution per unit (“DPU”) for the financial period

	Group			
	Quarter		Full Year	
	4Q 2019	4Q 2018	31 Dec 2019	31 Dec 2018
<u>Earnings per unit</u>				
Weighted average number of units in issue	794,998,911	786,243,261	793,375,888	785,322,205
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	0.23	3.60	5.74	9.23
<u>Distribution per unit</u>				
Number of units in issue	797,674,515	788,479,925	797,674,515	788,479,925
<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	8.60

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

	Group		Trust	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net asset value per unit (cents)	99.64	102.51	36.11	40.31

8. Review of the performance

4Q 2019 vs 4Q 2018

Rental and other income for 4Q 2019 decreased by 1.6% to S\$28.9 million compared to 4Q 2018, mainly due to lower variable rental component for Indonesia properties.

Property operating expenses for 4Q 2019 decreased by 29.7% to S\$0.6 million compared to 4Q 2018 mainly due to lower property expenses incurred for South Korea and Indonesia properties.

8. Review of the performance (Cont'd)

Interest income for 4Q 2019 increased to S\$0.7 million compared to 4Q 2018 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Finance cost for 4Q 2019 decreased to S\$5.2 million compared to 4Q 2018 mainly due to absence of write off of unamortised loan related costs in 2018 as a result of refinancing of bank loans.

Other income for 4Q 2019 as compared to other expenses for 4Q 2018 mainly due to higher unrealised exchange gain on USD loan.

Net change in fair value of derivative financial instruments for 4Q 2019 relates to the revaluation losses on the interest rate swap contracts.

Income tax expense for 4Q 2019 of S\$12.4 million compared to income tax benefit for 4Q 2018 mainly due to absence of write back of provision for deferred taxation on changes in fair value on investment properties in 2018.

Total return after tax for 4Q 2019 decreased as compared to 4Q 2018 mainly due to fair value losses on revaluation of investment properties and absence of write back of provision for deferred taxation on changes in fair value on investment properties in 2018. Excluding changes in fair value 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 2019 will increase by 4.2% to S\$15.8 million compared to 4Q 2018 of S\$15.2 million mainly due to lower property expenses and finance costs.

FY 2019 vs FY 2018

Rental and other income for FY 2019 decreased by 0.8% to S\$115.3 million compared to FY 2018 mainly due to lower variable rental component for Indonesia properties.

Property operating expenses for FY 2019 increased by 33.0% to S\$2.4 million compared to FY 2018 mainly due to the higher property expenses incurred for South Korea and Indonesia properties.

Interest income for FY 2019 increased to S\$2.4 million compared to FY 2018 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Finance cost for FY 2019 decreased to S\$20.4 million compared to FY 2018 mainly due to absence of write off of unamortised loan related costs in 2018 as a result of refinancing of bank loans.

Other expenses for FY 2019 decreased to S\$1.0 million compared to FY 2018 mainly due to unrealised exchange gain on USD loan.

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

Income tax expense for FY 2019 of S\$26.5 million compared to income tax benefit for FY 2018 mainly due to absence of write back of provision for deferred taxation on changes in fair value on investment properties in 2018.

Total return after tax for FY 2019 decreased as compared to FY 2018 mainly due to fair value losses on revaluation of investment properties and absence of write back of provision for deferred taxation on changes in fair value on investment properties in 2018. Excluding changes in fair value 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 FY 2019 will increase by 1.6% to S\$63.1 million compared to FY 2018 of S\$62.1 million mainly due to lower finance costs.

9. Variance between the forecast or prospectus statement (if disclosed previously) and the actual results

First REIT has not disclosed any forecast to the market.

The results for this quarter are in line with the commentary made in paragraph 10 of the previous quarter.

10. Commentary on the competitive conditions of the industry

The Indonesia economy is likely to expand close to 5.0% in the fourth quarter of 2019 and expected to grow 5.1% in 2020.¹ Healthcare is a priority in Indonesia's national development agenda, especially with the elderly population expected to grow more than 40% by 2025, making Indonesia one of Asia's fastest ageing countries. With the rising demand for healthcare services, the Indonesian government continues to encourage private sector involvement in developing hospitals² as well as allocate a healthcare budget of IDR132.2 trillion for 2020, almost doubling 2015 healthcare budget of IDR69.3 trillion.³

According to the Directorate General of Health Services from the Ministry of Health, Indonesia currently has a total of 2,813 hospitals - 1,787 privately managed and 1,026 managed by the public sector. These hospitals offer 310,710 hospital beds, or 1.17 beds per thousand population. This rate is the lowest in ASEAN and among the lowest in the world.

¹ 13 December 2019, Focus Economics - Indonesia Economic Outlook

² According to a report published by Statistics Indonesia in 2019

³ 16 August 2019, Ministry of State Secretariat of the Republic of Indonesia – In addition to education, 2020 state expenditures are used to strengthen healthcare programs

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 2019 to 31 December 2019

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.09
Tax-Exempt Income	1.15
Capital	0.91
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.

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11. Distributions (cont'd)

11(b) Corresponding period of the immediately preceding period

Any distributions declared for the corresponding period of the immediate preceding period? Yes

Distribution Type

Name of Distribution Distribution for the period from 1 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(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 6 February 2020 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 5 February 2020 at 9.00am.

11(d) Date Payable: 13 March 2020

12. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

13. If no IPT mandate has been obtained, a statement to that effect

First REIT has not obtained a general mandate from unitholders.

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14. Segment Reporting

No business segmental result has been prepared as all the investment properties are mainly used for healthcare and/or healthcare-related purposes. The main segment would be by geographical areas.

	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
2019				
Rental and other income	110,357	3,994	946	115,297
Net property and other income	109,168	3,492	234	112,894
Interest income	2,234	130	-	2,364
Manager's management fees				(11,401)
Trustee fees				(430)
Finance costs				(20,390)
Other trust expenses				(1,002)
Net income before undernoted				82,035
Net fair value losses on investment properties	(4,691)	(512)	(404)	(5,607)
Net losses in fair value of derivative financial instruments				(1,040)
Net income for the year before income tax				75,388
Income tax (expense)/benefit	(26,581)	99	10	(26,472)
Total return for the year after income tax				48,916
2018				
Rental and other income	111,583	3,913	702	116,198
Net property and other 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
Net fair value losses on 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 benefit/(expense)	1,020	155	(75)	1,100
Total return for the year after income tax				75,875

Assets and liabilities	Indonesia	Singapore	Korea	Total
	\$'000	\$'000	\$'000	\$'000
2019				
Segment assets including properties	1,352,673	63,917	10,546	1,427,136
Total assets				1,427,136
2018				
Segment assets including properties	1,371,979	55,942	10,853	1,438,774
Total assets				1,438,774

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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 2019	31 Dec 2018	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	57,636	57,637	-
Total return after income tax for first half year	30,874	30,984	(0.4%)
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	31,251	31,145	0.3%
Gross revenue reported for second half year	57,661	58,561	(1.5%)
Total return after income tax for second half year	18,042	44,891	(59.8%)
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	31,821	30,941	2.8%

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	68,285	67,542

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 2019.

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 2019:

- 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 fulfil, 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 2019 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
29 January 2020