
**FIRST REAL ESTATE INVESTMENT TRUST
2019 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 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.

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Summary of First REIT's Results

	Group					
	Quarter			Year-to-date		
	2Q 2019	2Q 2018	Change	30 Jun 2019	30 Jun 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Rental and Other Income	28,987	28,924	0.2%	57,636	57,637	-
Net Property and Other Income	28,340	28,499	(0.6%)	56,366	56,922	(1.0%)
Distributable Amount	17,112	16,908	1.2%	34,167	33,801	1.1%
Distribution per unit (cts)	2.15	2.15	-	4.30	4.30	-
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 April 2019 to 30 June 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 - 0.07 cents per unit (b) Tax-exempt income distribution - 1.18 cents per unit (c) Capital distribution - 0.90 cents per unit
Book closure date	15 August 2019 at 5.00 pm
Ex-dividend date	14 August 2019 at 9.00 am
Payment date	17 September 2019

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1(a)(i) Statements of Total Return

		Group					
		Quarter			Year-to-date		
Note		2Q 2019	2Q 2018	Change	30 Jun 2019	30 Jun 2018	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Rental and other income	28,987	28,924	0.2%	57,636	57,637	-
	Property operating expenses	(647)	(425)	52.2%	(1,270)	(715)	77.6%
	Net property and other income	28,340	28,499	(0.6%)	56,366	56,922	(1.0%)
	Interest income	441	420	5.0%	856	837	2.3%
	Manager's management fees	(2,854)	(2,843)	0.4%	(5,667)	(5,666)	-
	Trustee fees	(107)	(105)	1.9%	(213)	(210)	1.4%
	Finance costs	(4,989)	(5,455)	(8.5%)	(10,077)	(10,210)	(1.3%)
	Other expenses	(240)	(1,341)	(82.1%)	(527)	(1,673)	(68.5%)
	Net income before the undernoted	20,591	19,175	7.4%	40,738	40,000	1.8%
	Net fair value (losses)/gains of derivative financial instruments	(742)	276	NM	(541)	213	NM
	Total return for the period before income tax	19,849	19,451	2.0%	40,197	40,213	-
	Income tax expense	(4,714)	(4,658)	1.2%	(9,323)	(9,229)	1.0%
	Total return for the period after income tax	15,135	14,793	2.3%	30,874	30,984	(0.4%)
	Other comprehensive return: Items that may be reclassified subsequently to profit or loss:						
	Exchange differences on translating foreign operations, net of tax	(15)	240	NM	(109)	33	NM
	Total comprehensive return for the period	15,120	15,033	0.6%	30,765	31,017	(0.8%)
	Total return for the period after income tax attributable:						
	Unitholders of Trust	14,285	13,943	2.5%	29,184	29,294	(0.4%)
	Perpetual securities holders	850	850	-	1,690	1,690	-
		15,135	14,793	2.3%	30,874	30,984	(0.4%)

Note:

NM – Not meaningful

- Property operating expenses for 2Q 2019 increased by 52.2% to S\$647,000 compared to 2Q 2018 mainly due to higher property expenses incurred for Sarang Hospital and Indonesia properties.
- Finance costs for 2Q 2019 decreased to S\$5.0 million compared to 2Q 2018 mainly due to absence of write off of unamortised loan related costs due to refinancing of bank loans incurred in 2018.
- Other expenses for 2Q 2019 decreased to S\$0.2 million compared 2Q 2018 mainly due to the lower unrealised exchange loss on USD loan.
- Net change in fair value of derivative financial instruments for 2Q 2019 relates to the revaluation of interest rate swap contracts.
- Income tax expenses for 2Q 2019 increased to S\$4.7 million compared to 2Q 2018 mainly due to withholding taxes on higher dividend income received from foreign subsidiaries.

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1(a)(ii) Statements of Distribution

Note	Group					
	Quarter			Year-to-date		
	2Q 2019	2Q 2018	Change	30 Jun 2019	30 Jun 2018	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Total return for the period after income tax	15,135	14,793	2.3%	30,874	30,984	(0.4%)
Adjustments for tax purposes:						
- Manager's management fees payable in units	2,400	2,674	(10.2%)	4,860	5,072	(4.2%)
- Foreign exchange losses/(gains)	14	722	(98.1%)	(164)	374	NM
- Net fair value losses/(gains) of derivative financial instruments	742	(276)	NM	541	(213)	NM
- Amount reserved for distribution to perpetual securities holders	(850)	(850)	-	(1,690)	(1,690)	-
- Others	(329)	(155)	112.3%	(254)	(726)	(65.0%)
Total available for distribution to Unitholders	17,112	16,908	1.2%	34,167	33,801	1.1%
Unitholders' distribution:						
- as distribution from operations	9,920	9,312	6.5%	19,806	18,644	6.2%
- as distribution of Unitholders' capital contribution	7,192	7,596	(5.3%)	14,361	15,157	(5.3%)
Distribution amount to Unitholders	17,112	16,908	1.2%	34,167	33,801	1.1%

Note:

NM – Not meaningful

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

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1(b)(i) Statements of Financial Position

	Note	Group		Trust	
		30 Jun 2019 S\$'000	31 Dec 2018 S\$'000	30 Jun 2019 S\$'000	31 Dec 2018 S\$'000
Assets					
Non-current Assets					
Plant and equipment		62	68	-	-
Investment properties		1,345,390	1,345,295	34,900	34,900
Investments in subsidiaries		-	-	766,755	778,734
Loan receivable, non-current		-	-	37,032	39,415
Deferred tax assets		1,368	1,368	1,368	1,368
Other receivable, non-current		27,035	27,035	-	-
Total non-current assets		1,373,855	1,373,766	840,055	854,417
Current Assets					
Trade and other receivables, current	1	21,537	32,391	10,110	17,548
Loan receivable, current		-	-	4,191	4,191
Other assets, current		2,931	4,833	781	251
Other financial assets, current		45	26	-	-
Cash and cash equivalents		28,825	27,758	18,164	18,314
Total current assets		53,338	65,008	33,246	40,304
Total Assets		1,427,193	1,438,774	873,301	894,721
Non-current Liabilities					
Deferred tax liabilities		31,850	31,850	-	-
Other financial liabilities, non-current	2	485,053	386,761	485,053	386,761
Derivative financial instruments		827	250	827	250
Total non-current liabilities		517,730	418,861	485,880	387,011
Current Liabilities					
Income tax payable		1,847	1,989	-	-
Trade and other payables, current		15,336	16,135	21,287	17,176
Other financial liabilities, current	2	-	109,658	-	109,658
Other liabilities, current		23,401	22,793	2,020	1,965
Derivative financial instruments		150	185	150	185
Total current liabilities		40,734	150,760	23,457	128,984
Total Liabilities		558,464	569,621	509,337	515,995
Net Assets		868,729	869,153	363,964	378,726
Represented by:					
Net assets attributable to unitholders		807,879	808,275	303,114	317,848
Perpetual Securities holders' fund		60,850	60,878	60,850	60,878
Net assets attributable to perpetual securities holders		60,850	60,878	60,850	60,878
		868,729	869,153	363,964	378,726

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

Note:

- 1) Trade and other receivables decreased from S\$32.4 million to S\$21.5 million mainly due to rental received from tenants and VAT refunds received from Indonesian tax authority for acquisition of Siloam Hospitals Buton and Lippo Plaza Buton and Siloam Hospitals Yogyakarta.
- 2) Other financial liabilities, non-current and current decreased from S\$496.4 million to S\$485.1 million mainly due to repayment of loan in March 2019.

1(b)(ii) Borrowings and Debt Securities

	Group & Trust	
	30 Jun 2019	31 Dec 2018
	<u>S\$'000</u>	<u>S\$'000</u>
Amount repayable after one year		
Secured	492,798	392,962
Less: Transaction costs	(7,745)	(6,201)
Total Borrowings, Non-current	485,053	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) **Statements of Cash Flows**

	Group	
	2Q 2019	2Q 2018
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	19,849	19,451
Interest income	(441)	(420)
Interest expense	4,366	4,077
Amortisation of borrowing costs	623	1,378
Depreciation expense	3	-
Foreign exchange losses	14	722
Net fair value losses/(gains) of derivative financial instruments	742	(276)
Gains on disposal of quoted shares	(1)	-
Manager's management fees settled in units	1,195	1,334
Operating cash flows before changes in working capital	26,350	26,266
Trade and other receivables, current	12,925	2,187
Other assets, current	(316)	34
Trade and other payables, current	(1,195)	(1,777)
Other liabilities, current	119	33
Net cash flows from operating activities before income tax	37,883	26,743
Income taxes paid	(4,879)	(4,726)
Net cash flows from operating activities	33,004	22,017
Cash flows from investing activities		
Increase in investment properties	(169)	(143)
Interest received	441	420
Investment in quoted shares	(143)	-
Disposal of quoted shares	99	-
Net cash flows from investing activities	228	277
Cash flows from financing activities		
Distribution to Unitholders	(17,045)	(16,878)
Increase in borrowings	100,000	-
Repayment of borrowings	(100,000)	-
Interest paid	(4,431)	(6,098)
Net cash flows used in financing activities	(21,476)	(22,976)
Net increase/(decrease) in cash and cash equivalents	11,756	(682)
Cash and cash equivalents at beginning of the period	17,069	17,002
Cash and cash equivalents at end of the period	28,825	16,320

Note:

- 1) The increase in borrowings is due to loan drawdown to repay loan matured in May 2019.
- 2) This relates to repayment of loan upon maturity.

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1(c) **Statements of Cash Flows (Cont'd)**

	Group	
	30 Jun 2019	30 Jun 2018
	<u>Note</u>	<u>S\$'000</u>
Cash flows from operating activities		
Total return before income tax	40,197	40,213
Interest income	(856)	(837)
Interest expense	8,628	8,155
Amortisation of borrowing costs	1,449	2,055
Depreciation expense	6	-
Foreign exchange (gains)/losses	(164)	374
Net fair value losses/(gains) of derivative financial instruments	541	(213)
Losses on disposal of quoted shares	3	-
Manager's management fees settled in units	2,422	2,524
Operating cash flows before changes in working capital	52,226	52,271
Trade and other receivables, current	10,821	(3,262)
Other assets, current	1,902	(151)
Trade and other payables, current	(1,372)	517
Other liabilities, current	608	550
Net cash flows from operating activities before income tax	64,185	49,925
Income taxes paid	(9,465)	(9,365)
Net cash flows from operating activities	54,720	40,560
Cash flows from investing activities		
Increase in investment properties	(169)	(301)
Interest received	856	837
Investment in quoted shares	(382)	-
Disposal of quoted shares	360	-
Net cash flows from investing activities	665	536
Cash flows from financing activities		
Distribution to Unitholders	(34,036)	(31,516)
Increase in borrowings	1	100,000
Repayment of borrowings	2	(110,000)
Interest paid	(8,564)	(9,411)
Distribution to perpetual securities holders	(1,718)	(1,718)
Net cash flows used in financing activities	(54,318)	(40,517)
Net increase in cash and cash equivalents	1,067	579
Cash and cash equivalents at beginning of the period	27,758	15,741
Cash and cash equivalents at end of the period	28,825	16,320

Note:

- 1) The increase in borrowings is due to loan drawdown to repay loan matured in May 2019.
- 2) This relates to repayment of loans upon maturity.

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

Note	Group		Trust	
	2Q 2019	2Q 2018	2Q 2019	2Q 2018
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Balance at beginning of the financial period	808,219	794,265	310,765	342,218
<u>Operations</u>				
Total return after tax attributable to unitholders of Trust	15,135	14,793	7,809	7,040
<u>Translation transactions</u>				
Net movement in foreign exchange reserve	(15)	240	-	-
<u>Unitholders' transactions</u>				
Manager's management fees paid in units	2,435	2,425	2,435	2,425
Amount reserved for distribution to perpetual securities holders	(850)	(850)	(850)	(850)
Distribution to Unitholders	(17,045)	(16,878)	(17,045)	(16,878)
Balance at end of the financial period	807,879	793,995	303,114	333,955
<u>Perpetual Securities Holders' Fund</u>				
Balance at beginning of the financial period	60,000	60,000	60,000	60,000
Amount reserved for distribution to perpetual securities holders	850	850	850	850
Balance at end of the financial period	60,850	60,850	60,850	60,850
Total	868,729	854,845	363,964	394,805

Note:

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

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

Note	Group		Trust	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at beginning of the financial year	808,275	791,437	317,848	347,261
Operations				
Total return after tax attributable to unitholders of Trust	30,874	30,984	16,427	15,153
Translation transactions				
Net movement in foreign exchange reserve	(109)	33	-	-
Unitholders' transactions				
Manager's management fees paid in units	4,565	4,477	4,565	4,477
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	(1,690)	(1,690)	(1,690)	(1,690)
Distribution to Unitholders	(34,036)	(33,676)	(34,036)	(33,676)
Balance at end of the financial period	807,879	793,995	303,114	333,955
Perpetual Securities Holders' Fund				
Issue of perpetual securities	60,878	60,878	60,878	60,878
Amount reserved for distribution to perpetual securities holders	1,690	1,690	1,690	1,690
Distribution to perpetual securities holders	(1,718)	(1,718)	(1,718)	(1,718)
Balance at end of the financial period	60,850	60,850	60,850	60,850
Total	868,729	854,845	363,964	394,805

Note:

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

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

	Trust				
	Quarter		Year-to-date		
	Note	2Q 2019	2Q 2018	30 Jun 2019	30 Jun 2018
Balance at beginning of period		790,313,307	783,266,249	788,479,925	779,954,506
Unitholders transactions:					
- Manager's management fees paid in units		2,468,808	1,747,786	4,302,190	3,285,931
- Manager's acquisition fee paid in units		-	-	-	191,788
- Issuance of units (DRP)		-	-	-	1,581,810
Balance at end of period		792,782,115	785,014,035	792,782,115	785,014,035
New units to be issued					
- Manager's management fees payable in units	1	2,540,793	1,670,591	2,540,793	1,670,591
Total issued and issuable units		795,322,908	786,684,626	795,322,908	786,684,626

Note:

- 1) The manager's management fees payable in units comprise 1,367,782 units for 2Q 2018 performance fee and 1,173,011 units for 2Q 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	
	30 Jun 2019	31 Dec 2018
Issued units at end of period/year	792,782,115	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		Year-to-date	
	2Q 2019	2Q 2018	30 Jun 2019	30 Jun 2018
<u>Earnings per unit</u>				
Weighted average number of units in issue	791,967,750	783,360,621	791,147,350	783,321,133
<u>Earnings per unit in cents attributable to unitholders</u>				
Basic and fully diluted basis	1.80	1.78	3.69	3.74
<u>Distribution per unit</u>				
Number of units in issue	792,782,115	785,014,035	792,782,115	785,014,035
<u>Distribution per unit in cents attributable to unitholders</u>				
Based on the number of units in issue at the end of the period	2.15	2.15	4.30	4.30

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

	Group		Trust	
	30 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
Net asset value per unit (cents)	101.90	102.51	38.23	40.31

8. Review of the performance

2Q 2019 vs 2Q 2018

Property operating expenses for 2Q 2019 increased by 52.2% to S\$647,000 compared to 2Q 2018 mainly due to higher property expenses incurred for Sarang Hospital and Indonesia properties.

Interest income for 2Q 2019 increased by 5.0% to S\$441,000 compared to 2Q 2018 mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Finance costs for 2Q 2019 decreased to S\$5.0 million compared to 2Q 2018 mainly due to absence of write off of unamortised loan related costs due to refinancing of bank loans incurred in 2018.

Other expenses for 2Q 2019 decreased to S\$0.2 million compared 2Q 2018 mainly due to the lower unrealised exchange loss on USD loan.

Net change in fair value of derivative financial instruments for 2Q 2019 relates to the revaluation of interest rate swap contracts.

Income tax expense for 2Q 2019 increased to S\$4.7 million compared to 2Q 2018 mainly due to withholding taxes on higher dividend income received from foreign subsidiaries.

1H 2019 vs 1H 2018

Property operating expenses for 1H 2019 increased by 77.6% to S\$1.3 million compared to 1H 2018, mainly due to the higher property expenses incurred for Sarang Hospital and Indonesia properties.

Interest income for 1H 2019 increased by 2.3% to S\$856,000 compared to 1H 2018, mainly due to the returns from the progress payments for the development of new Siloam Hospitals Surabaya.

Finance costs for 1H 2019 decreased to S\$10.1 million compared to 1H 2018 mainly due to absence of write off of unamortised loan related costs due to refinancing of bank loans incurred in 2018.

Other expenses for 1H 2019 decreased to S\$0.5 million compared 1H 2018 mainly due to the lower unrealised exchange loss on USD loan.

Net change in fair value of derivative financial instruments for 1H 2019 relates to the termination and revaluation of interest rate swap contracts.

Income tax expense for 1H 2019 increased to S\$9.3 million compared to 1H 2018 mainly due to withholding taxes on higher dividend income received from foreign subsidiaries.

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

Despite the global economic environment, the healthcare market is a resilient sector and the demand for quality healthcare services continues to rise in Indonesia and the rest of Asia. First REIT will continue to look for accretive acquisition opportunities from third parties, or from the pipeline of healthcare assets from its sponsors PT Lippo Karawaci Tbk and OUE Lippo Healthcare Limited, to grow its portfolio to maximise returns to Unitholders. The recent review by the Monetary Authority of Singapore to further raise the current leverage limit of 45% for S-REITs, if implemented, will further bolster growth opportunities across the industry.

11. Distributions

11(a) Current financial period reported on

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution (a) Distribution for the period from 1 April 2019 to 30 June 2019

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.18
Capital	0.90
Total	2.15

Tax Rate

Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution

Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

11. Distributions (cont'd)

11(b) Corresponding period of the immediately preceding period

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

Distribution Type

Name of Distribution Distribution for the period from 1 April 2018 to 30 June 2018

i. Distribution Type Income / Capital

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

Tax Rate

Taxable Income Distribution

Qualifying investors and individuals (other than those who hold their units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from Singapore income tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%.

All other investors will receive their distributions after deduction of tax at the rate of 17%.

Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

Capital Distribution

Capital Distribution represents a return of capital to unitholders for Singapore income tax purposes and is therefore not subject to Singapore income tax. For unitholders who are liable to Singapore income tax on profits from the sale of First REIT Units, the amount of Capital Distribution will be applied to reduce the cost base of their First REIT Units for Singapore income tax purposes.

11(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 15 August 2019 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-distribution date will be on 14 August 2019 at 9.00am.

11(d) Date Payable: 17 September 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.

14. Certificate pursuant to Paragraph 7.3 of the Property Funds Guidelines

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the quarter ended 30 June 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 fulfill, from its deposited properties, its liabilities as they fall due.

The distribution is computed based on the accounts of First REIT for the quarter ended 30 June 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.

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
5 August 2019