FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

HEALTH

ANNUAL REPORT 2008

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

HEALTH IS WEALTH

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CORPORATE PROFILE

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.

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 eight properties located in Indonesia and Singapore, namely, 1) Siloam Hospitals Lippo Karawaci, 2) Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta), 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Pacific Healthcare Nursing Home @ Bukit Merah, 6) Pacific Healthcare Nursing Home II @ Bukit Panjang (formerly known as Pacific Healthcare Nursing Home @ Senja), 7) The Lentor Residence, 8) Adam Road Hospital.

Its Indonesian assets are operated by PT Siloam International Hospitals, a wholly-owned subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals. 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. Both operators are companies in which Pacific Healthcare Holdings Limited have substantial interest. The Lentor Residence is operated by First Lentor Residence Pte. Ltd. while The Adam Road Hospital is operated by Health Promise Pte. Ltd. (formerly known as Pacific Hospital Consultants Pte. Ltd.).

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.

CORPORATE INFORMATION

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Bowsprit Capital Corporation Limited

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Wisma Nugra Santana #17-03
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Colliers International Consultancy & Valuation
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50 Raffles Place #18-01
Sinagapore Land Tower
Singapore 048623

Directors of the Manager
Mr Albert Saychuan Cheok
Chairman & Independent Director

Mr Goh Tiam Lock
Independent Director

Mr Mag Rainer Silhavy
Non-Executive Director

Mr Klaus Krombass
Alternate Director to Mr Mag Rainer Silhavy

Datuk Robert Chua Teck Chew
Independent Director

Dr Ronnie Tan Keh Poo
Chief Executive Officer & Director

Mr Markus Parmadi
Non-Executive Director

Company Secretary of the Manager
Ms Elizabeth Krishnan

Audit Committee
Mr Albert Saychuan Cheok (Chairman)
Datuk Robert Chua Teck Chew
Mr Goh Tiam Lock

THE THEME 'HEALTH IS WEALTH' UNDERSCORES FIRST REIT'S CONTINUING INVOLVEMENT IN AND COMMITMENT TO SUPPORTING ASIA'S HEALTHCARE SECTOR, AS IT CONTINUES TO BE WATCHFUL FOR HEALTHCARE REIT OPPORTUNITIES IN INDONESIA, SINGAPORE AND IN OTHER PARTS OF ASIA.

JOINT MESSAGE FROM THE CHAIRMAN AND CEO

During the year in review, First REIT again produced laudable results, which bears testament to the stability of healthcare REIT's through business cycles. It supports the view that healthcare is regarded as an essential service rather than a dispensable luxury.

Dear Unitholders,

The present global economic crisis has been particularly hard hitting and wide reaching. The financial well being of many people has been affected - perhaps some known to you. It is exactly during such difficult economic times that we are reminded of the social need to maintain the physical well being of our community. Financial stress should not be allowed to deteriorate into an abandonment of adequate healthcare. First REIT, as a participant in the healthcare industry, appreciates the social importance of safeguarding community health.

It is for this reason that we have come up with the "Health is Wealth" theme to underscore First REIT's continuing involvement in and commitment to supporting Asia's healthcare sector, as it continues to be watchful for healthcare REIT opportunities in Indonesia, Singapore and elsewhere.

Financial Highlights

During the year in review, First REIT again produced laudable results, which bears testament to the stability of healthcare REIT's through business cycles. It supports the view that healthcare is regarded as an essential service rather than a dispensable luxury.

Boosted by rental increases from its four Indonesian properties, and a larger rental income contribution from its four Singapore properties, First REIT achieved full-year gross revenue of S$30.2 million, which represented a 12.2% improvement year-on-year, which in turn generated a 13.7% jump in distributable income to S$20.8 million.

The nearest rental renewal date for First REIT's properties will be April 2017. The average lease period is 12.5 years. Committed occupancy for all eight properties is 100%.

Recently, First REIT completed the annual revaluation of its eight properties at S$324.9 million. There is no significant change to its book value, FY2008 compared to FY2007.

Our aggregate DPU paid out in FY2008, which amounted to 7.62 Singapore cents, translates to a distribution yield of 17.5%*.

* Based on closing price of S$0.435 as at 20 Jan 2009.

Asset Enhancements

Several properties in our portfolio have undergone upgrades and enhancements in the continuing effort to provide higher quality care and services to the patients. In March 2008, Siloam Hospitals Lippo Karawaci commissioned the installation of the latest generation four-dimension ultrasound ("4D USG") to enable obstetricians and gynaecologists and parents to have a better view of the foetus. This latest generation equipment reveals a three dimensional picture of the foetus to see the baby's face and to follow the baby's prenatal growth more closely. Moreover, the most recent technological enhancements in 4D USG introduces advanced features to detect cardiac movement, heart beat, and blood circulation to help doctors provide the most accurate diagnoses. Siloam Hospitals Kebon Jeruk has added internet access facilities in the lobby for its guests in April 2008.

In Singapore, we are looking forward to the comprehensive enhancement works for Adam Road Hospital to commence in 2009.

Moving ahead, First REIT will continue to improve the income generating capacity of its existing properties through asset enhancement initiatives and working with its tenants to continually upgrade its services. For example, PT Siloam International Hospitals, the operator of First REIT's Indonesian hospitals, is actively expanding its outpatient services and enhancing clinical services offered by the Siloam Group of Hospitals to grow outpatient volume and boost revenue. These new facilities and services will generate higher revenue for the hospitals.

Acquisition Strategy

Committed to longer term expansion and diversification of our portfolio of assets, we have signed a put and call option agreement in September 2008 to purchase a healthcare logistics and distribution centre in Singapore for a total purchase consideration of S$42.0 million. However, this acquisition is still subject to final valuation and Unitholders' approval.

Given the present volatile market, we will continue to be prudent in our future acquisitions. Our acquisition strategy will focus on timing, attractiveness, quality of the assets and availability of funding.

This will ensure that First REIT's portfolio comprises yield-accretive healthcare-related assets that will not only bring value to First REIT but also deliver consistent and sustainable returns.

Business Outlook

We are hopeful that the demand for quality healthcare, particularly in Asia, will remain relatively unaffected despite the current global crisis. As First REIT's revenue is derived from long-term leases denominated in Singapore dollars which contain no provision for downward revisions in rental, we are safeguarded from currency risks and a volatile economy.

Private healthcare expenditure is expected to continue to grow at a healthy pace in Asia, particularly in Indonesia and Singapore where our investment assets are currently located. Singapore has a strong biomedical and medical technology industry which is continuing to attract major companies to set up manufacturing and research & development facilities here. Moreover, the increasing trend of an ageing population around the world will boost demand for nursing homes and step-down healthcare facilities. We are therefore hopeful that First REIT will continue to perform relatively well in 2009.

Acknowledgement

This has indeed been a successful year for First REIT despite the global economic crisis. Bowsprit Capital Corporation Limited as manager would like to thank all our staff and directors for their continuing drive, hard work, dedication and commitment. We would also like to thank all of you, our Unitholders, for your support and confidence shown towards us.

Albert Saychuan Cheok
Chairman

Dr Ronnie Tan Keh Poo
CEO

Bowsprit Capital Corporation Limited
As Manager of First REIT

BOARD OF DIRECTORS


1


2

1 Mr Albert Saychuan Cheok
2 Mr Goh Tiam Lock
3 Mr Markus Parmadi
4 Mr Mag Rainer Silhavy
5 Datuk Robert Chua Teck Chew
6 Dr Ronnie Tan Keh Poo
7 Mr Klaus Krombass


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Mr Albert Saychuan Cheok

Mr Albert Saychuan Cheok is an Independent Director of the Manager and is also the Chairman of the Board. He graduated from the University of Adelaide, Australia with First Class Honours in Economics. Mr Cheok is a Fellow of the Australian Institute of Certified Public Accountants. He is a banker with over 30 years experience in banking in the Asia-Pacific region. Between May 1979 and February 1982, Mr Cheok was an adviser to the Australian Government Inquiry into the Australian financial system which introduced comprehensive reforms to the Australian banking system. He was Chief Manager at the Reserve Bank of Australia from October 1988 to September 1989 before becoming the Deputy Commissioner of Banking of Hong Kong for about three and a half years. He was subsequently appointed as the Executive Director in charge of Banking Supervision at the Hong Kong Monetary Authority from April 1993 to May 1995.

From September 1995 to November 2005, Mr Cheok was the Chairman of Bangkok Bank Berhad in Malaysia, a wholly-owned subsidiary of Bangkok Bank of Thailand. He is also the Vice Chairman of the Export and Industry Bank of the Philippines as well as the Chairman of Auric Pacific Group Limited, a diversified food group with operations in Singapore, China and Malaysia.

Mr Cheok is a member of the Board of Governors of the Malaysian Institute of Corporate Governance.

Mr Goh Tiam Lock

Mr Goh Tiam Lock is an Independent Director of the Manager. Mr Goh is a Fellow of the Royal Institution of Chartered Surveyors, a Fellow of the Singapore Institute of Surveyors & Valuers and its President from 1986 to 1987, as well as a Fellow of the Singapore Institute of Arbitrators and its Vice-President from 1985 to 1987. Mr Goh is currently a member of the Strata Titles Board, a position he has held since 1999. In 1971, he held the position of Property Manager in Supreme Holdings Ltd. before joining Jones Lang Wootton as a senior executive in 1974.

From 1976 to 1979, he was a partner in MH Goh, Tan & Partners, and subsequently a partner in Colliers Goh & Tan from 1980 to 1988, providing advice to clients on all aspects of real estate development and management. Between 1988 and 1990, Mr Goh held various executive positions such as the Managing Director of Colliers Goh & Tan Pte Ltd, and as a director of Colliers Jardine (S) Pte Ltd. He is currently the Managing Director of Lock Property Consultants Pte. Ltd., a position he has held since 1993, and advises clients on real estate development and management. He was actively involved in civil and community work, holding positions such as, among others, the Chairman of the Singapore Chinese Chamber of Commerce & Industry Property Management Sub-committee from 1987 to 1989, the Chairman of the Marine Parade Community Club Management Committee from 1984 to 2001, and was also a Master Mediator at the Marine Parade Community Mediation Centre. He has received awards in recognition of his contribution to Singapore, including the Pingkat Bakti Masyarakat (Public Service Medal) (PBM) in 1988 and the Bintang Bakti Masyarakat (Public Service Star) (BBM) in 1997.

Mr Markus Parmadi

Mr Markus Parmadi is a Non-Executive Director of the Manager. Mr Parmadi studied technology and economics at the University of Indonesia. He has a wealth of experience in the banking industry. From 1971 to 1983, he was the Vice President at Citibank N.A. He served as a Director on the board of PT Bank Central Asia from 1983 to 1990 and from 1990 to 1998, he was President Director of PT Bank Lippo.

Mr Parmadi served the Indonesian government between 1998 and 2000. He was attached to the Office of State Minister for State-Owned Enterprises/Agency for State-Owned Enterprises where he held the office of Assistant/Deputy Minister for Public Utilities and Resource Industries and Assistant/Deputy Minister for Finance and Other Services.

From 1998 to September 2003, Mr Parmadi was Commissioner of PT Bank Mandiri (Persero) Tbk before becoming Independent Commissioner from September 2003 to May 2005. He was also Commissioner of PT Citra Marga Nusaphala Persada Tbk from June 1999 to December 2000 and Independent Commissioner from June 2001 to June 2007. Mr Parmadi was also Commissioner of PT Multi Media Interaktif, PT First Media Tbk and Lembaga Penjamin Simpanan from 2005 to 2008.

Mr Parmadi is currently the Commissioner of PT Media Interaksi Utama.

Mr Mag Rainer Silhavy

Mr Mag Rainer Silhavy is a Non-Executive Director of the Manager. Mr Silhavy graduated from the University of World Trade Vienna, Austria in 1978 with a B.A. degree in Social Science and Economics. In 1985, he was a Correspondent Banking Officer in charge of Europe at the RZB bank in Austria, and was subsequently promoted, in 1986, to Senior Correspondent Banking Officer in charge of the Far East. He served as RZB's representative in Singapore from 1987 to 1990 where he oversaw operations in Southeast Asia and the Indian sub-continent. During the same period, he served as a Director at Bravona Singapore. In 1990, Mr Silhavy was appointed as Chief Representative for Asia, Australia and New Zealand at the RZB bank's representative office in Singapore, where he oversaw RZB's offices in the region. From 2004 to August 2005, he served as the Deputy Chairman of the Supervisory Board at PT Lippobank, Indonesia, and has been serving as a Director and Member of the Supervisory Board at Centrotrade Singapore Pte Ltd since 2002. He is currently the Chairman and Chief Executive Officer of the Singapore branch of RZB - Austria where he is involved in the supervisory management of the Singapore

BOARD OF DIRECTORS

branch. RZB-Austria owns 100% of CP Inlandsimmobilien-Holding GmbH, which in turn owns 100% of Golden Decade International Limited, which owns 10.0% of the Manager.

Datuk Robert Chua Teck Chew

Datuk Robert Chua Teck Chew is an Independent Director of the Manager. He brings with him nearly forty years of corporate experience. Datuk Chua co-founded A.C.E. Daikin Group in 1968, and over the span of the next 34 years, led it to be a leading manufacturer of residential, commercial and industrial air conditioners. He was its Executive Chairman and CEO until his retirement from the Group in 2002. He served as a Director on the board of Neptune Orient Lines for six and a half years, before retiring from his directorship on 31 December 2003. He is also a former Director of several other public listed companies, including IFS Capital Ltd. (formerly known as International Factors Singapore Ltd.), Singapore Technologies Marine Ltd., Singapore Computer Systems Ltd and Omni Industries Ltd. Datuk Chua is also a former Board Director of ECICS Holdings Ltd., which was at one time owned by the Singapore Government's Temasek Holdings Ltd and 150 international banks.

From 1992 to 1994, Datuk Chua was a Nominated Member of the Singapore Parliament. He held the position of President of the Singapore Confederation of Industries (now known as the Singapore Manufacturers Federation). He is a former Deputy Chairman of the Singapore Trade Development Board (now known as International Enterprise Singapore) and past President and Vice President of the Singapore Federation of Chambers of Commerce and Industry (predecessor of the Singapore Business Federation). He was also a Vice President of the ASEAN Chambers of Commerce and Industry. Datuk Chua was the Founding Co-chairman of the Malaysia-Singapore Business Council and was also involved in many other committees, including the Vietnam-Singapore Commission for Co-operation. Datuk Chua's public services include active directorship and involvement in several Singapore Government Statutory Boards and Committees such as the Economic Development Board, Trade Development Board, Jurong Town Corporation, National Wages Council, National Computer Board, the National University of Singapore and the Nanyang Technological University.

Datuk Chua has led scores of trade and investment missions to several countries in the Asia Pacific region.

For his contributions to Singapore's economic and trade promotion, Datuk Chua was awarded the Public Service Star by the President of Singapore in 1994, a "Datukship" by the Governor of Malacca, the "Partners of Local Enterprise" Award 1992 by the Economic Development Board as well as the Singapore Standards Council's Distinguished Service Award in 1991. Datuk Chua is currently the Executive Chairman of the Excellent Family Lifestyle Group, the Chairman of the Singapore National Committee for the International Electrotechnical Commission as well as the Chairman of IEC's Asia Pacific Steering Group.

Dr Ronnie Tan Keh Poo

Dr Ronnie Tan Keh Poo is a Director as well as the Chief Executive Officer of the Manager. Dr Tan qualified as a Medical Doctor from the University of Melbourne in 1977. He worked in various government and private healthcare facilities in Australia and Singapore as a Medical Practitioner until 1987. After receiving his Master of Health Administration from Loma Linda University, he joined Parkway Holdings Limited as its international business development manager, and also served as Chief Executive Officer of Gleneagles Hospital. In 1995, he worked in Indonesia as Executive Director of Lippo Group and Chief Executive Officer of Siloam group of hospitals.

From 1998 to September 2004, he took various postings as Chief Executive Officer and Director of AsiaMedic Limited and Senior Executive in Parkway Holdings Limited. Dr Tan was an Independent Non-Executive director and Chairman of the Audit Committee of Auric Pacific Group Limited from 2001 to 2002. He is an executive director of Auric Pacific Group Limited since 1 October 2004 and is responsible for the areas of Business Development (non-food related) as well as Property and Strategic Investments.

Mr Klaus Krombass

Mr Klaus Krombass is the Alternate Director to Mr Mag Rainer Silhavy. Mr Krombass graduated with Economics and Business Administration degree from Vienna Business University in 1997. He worked for GiroCredit Bank, Vienna, from 1993 to 1998 in the business analysis department. In 1998, he joined GE Capital Bank, Vienna where his work responsibilities included credit underwriting recommendations and decisions for commercial customers. In 2000, he joined RZB, Vienna, where he was responsible for international credit management (with focus on the branch offices in Singapore and China) and securitisations, as well as internal projects like rating systems and policy papers. From November 2005 to June 2007, Mr Krombass held the position of Deputy Head, Corporate Finance and from July 2007 to August 2008, he was the Managing Director of Global Corporates and Strategic Participations. He is currently the Head of Credit Risk Management where he, among other things, oversees corporate credit risk, distressed assets and analysis and rating.

KEY MANAGEMENT

Dr Ronnie Tan Keh Poo is a Director as well as the Chief Executive Officer of the Manager. Dr Tan qualified as a Medical Doctor from the University of Melbourne in 1977. He worked in various government and private healthcare facilities in Australia and Singapore as a Medical Practitioner until 1987. After receiving his Master of Health Administration from Loma Linda University, he joined Parkway Holdings Limited as its international business development manager, and also served as Chief Executive Officer of Gleneagles Hospital. In 1995, he worked in Indonesia as Executive Director of Lippo Group and Chief Executive Officer of Siloam group of hospitals.

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Mr Tan Kok Mian, Victor is the Chief Financial Officer of the Manager since 28 July 2008. He joined Bowsprit in April 2008 as Senior Finance Manager, and was responsible for its financial operations.

Prior to joining Bowsprit, Mr Tan worked at Parkway Holdings Limited from 1997 to 2008. He joined them as an Accountant in 1997 and was promoted to the position of Group Accountant and subsequently to Financial Controller. His scope of work in Parkway included supervising the preparation of the financial accounts and handling accounting matters for the holding company as well as some of the subsidiary companies in the Parkway Group. During his tenure, he also assisted Parkway's Chief Financial Officer in the preparation of the consolidated accounts for the Parkway Group.

Mr Tan graduated in 1997 with the professional qualification from the Association of Chartered Certified Accountants (ACCA).

Mr Chan Seng Leong, Jacky is the Senior Asset and Investment Manager of the Manager. He graduated from the National University of Singapore in 1993 with a Bachelor of Science (Estate Management) (2nd Class Upper Honours) degree and subsequently in 1999 with a Master of Science (Real Estate) degree. In 2002, he obtained a Master in Business Administration degree from the University of Western Australia, Graduate School of Management, Perth, majoring in finance, and was awarded the Director's Letter for scoring full distinctions in the course. Being a member of the Singapore Institute of Surveyors and Valuers as well as a Licensed Appraiser (Lands & Buildings), Mr Chan has extensive real estate and property experience in Singapore, Hong Kong and the PRC. From 1993 to 1998, his work responsibilities involved, among others, property valuations, property sales and marketing, property consulting, real estate research and feasibility studies. In 1998, he joined Chesterton International Property Consultants Pte Ltd as Assistant Manager (Valuations) and was subsequently promoted in rank and file to Executive Director (Valuations & Investment Advisory) where he performed valuations totalling more than S$1 billion worth of real estate in Singapore and regionally, and advised in real estate transactions worth more than S$600 million in total. His scope of responsibilities then included managing and advising real estate transactions, providing real estate market advisory and real estate financial advice, as well as managing key clients' accounts for strategic real estate services. Prior to joining the Manager, Mr Chan was with Ascendas-MGM Funds Management Ltd since early 2005 as the Investment Manager for Ascendas Real Estate Investment Trust. As Investment Manager, he was involved in spearheading multi-million dollar real estate acquisitions, structuring property investment and development deals (such as sale and leaseback, built-to-suit and partial headlease), conduct property due diligence, as well as the planning and implementation of leasing and asset enhancement strategies to improve efficiency.

PROPERTIES OVERVIEW

INDONESIA

First REIT's portfolio of three hospitals and a hotel are strategically situated in prime locations within Indonesia's two largest cities – Jakarta and Surabaya.

Key information on the properties

	Siloam Hospitals Lippo Karawaci	Siloam Hospitals Kebon Jeruk	Siloam Hospitals Surabaya	Imperial Aryaduta Hotel & Country Club
Type	Hospital	Hospital	Hospital	Hotel and Country Club
Land Area	17,442 sqm	11,420 sqm	6,862 sqm	54,410 sqm
Gross Floor Area ("GFA") as at 26 December 2008	27,284 sqm	18,234 sqm	9,227 sqm	17,427 sqm
Purchase Price	S$94.3 million	S$50.6 million	S$16.8 million	S$21.2 million
Appraise Value by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008	S$138.5 million	S$74.1 million	S$26.2 million	S$32.2 million
Annual Rental	S$12,556,000	S$7,116,000	S$2,814,000	S$3,451,000
No. of Beds / Saleable rooms as at 26 December 2008	170 [(1)]	187	160	197
No. of Staff as at 31 December 2008	162 full time and part time doctors and 375 nurses and medical staff	156 specialist doctors and 367 nurses and medical staff	71 full time & part time doctors and 201 nurses and medical staff	-
Year of Building Completion	1995	1991	1977	1994
Centre of Excellence	Neuro-science and cardiology	Urology, obstetrics & gynaecology, and gastroenterology	Fertility services	-
Lease Terms	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006	15 years with an option to renew for a further term of 15 years with effect from 11 December 2006

1 The full bed capacity of the hospital is 250.

Siloam Hospitals Lippo Karawaci

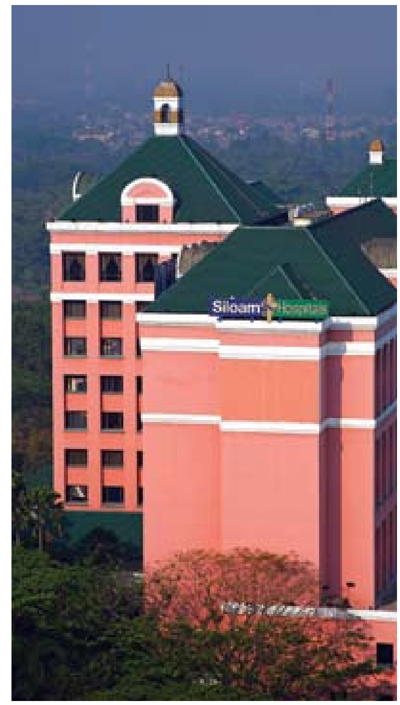
Located in the first private sector township of Lippo Karawaci, 8 km from Jakarta's Soekarno-Hatta International Airport, Siloam Hospitals Lippo Karawaci is conveniently located close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta, the capital and business centre of Indonesia, to the industrial city of Merak.

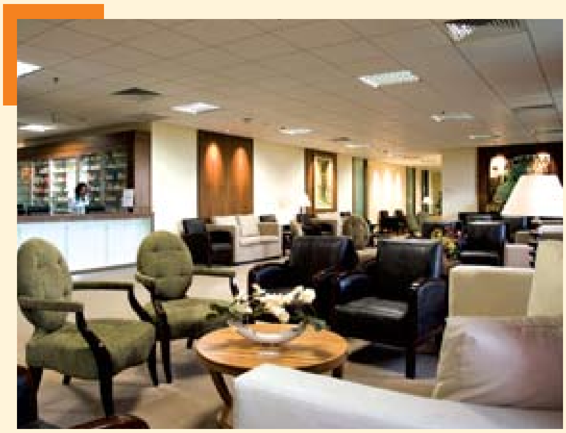
The hospital has a sizeable potential patient base from a population of over 3.4 million[1] in Tangerang Regency (Lippo Karawaci township included).

As Centres of Excellence for neuro-science and cardiology, the hospital offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery.

In November 2007, Siloam Hospitals Lippo Karawaci became the first Indonesian hospital to attain the United States-based Joint Commission International ("JCI") accreditation - the world's leading internationally recognised hospital accreditation award - putting it in the same league as other leading hospitals in the region.

The hospital, which occupies a land area of 17,442 sqm and a GFA of 27,284 sqm, is valued at S$138.5 million by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008.





1 Based on 2007 population census from Bureau Central Statistics Office

PROPERTIES OVERVIEW

Siloam Hospitals Kebon Jeruk

Located 6 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area.

The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002.

As Centres of Excellence for urology, obstetrics & gynaecology, and gastroenterology, the hospital is known for its authority in diagnosis and treatment of disorders of the urinary tract or urogenital system, its ability to handle the most complex and difficult cases in labour and delivery, the diagnosis and treatment of stomach and intestine disorders, as well as the use of endoscopic surgery.

The hospital, which occupies a land area of 11,420 sqm and a GFA of 18,234 sqm, is valued at S$74.1 million by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008.

Siloam Hospitals Surabaya

Located in the central area of Indonesia's second largest city – Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively lower number of higher quality hospitals in the region.

Exhibiting strong per capita income growth, Surabaya is expected to witness increasing demand for healthcare related services.

A Centre of Excellence for fertility services, the hospital has successfully completed 337 cycles of egg retrieval and has a 36.5 % pregnancy rate from 318 embryo transfer in year 2008.

The hospital, which occupies a land area of 6,862 sqm and a GFA of 9,227 sqm, is valued at S$26.2 million by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008.

PROPERTIES OVERVIEW

Imperial Aryaduta Hotel & Country Club

Located next to Siloam Hospitals Lippo Karawaci, the 197-room five-star Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon.

As one of the very few hotels with linked country clubs in Jakarta, the hotel comes complete with a wide range of sports, recreational, convention and food and beverage services.

The property, which occupies a land area of 54,410 sqm and a GFA of 17,427 sqm, is valued at S$32.2 million by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008.

SINGAPORE

In Singapore, we are concluding our plans to enhance Adam Road Hospital to its maximum plot ratio.

Key information on the properties

	Pacific Healthcare Nursing Home @ Bukit Merah	Pacific Healthcare Nursing Home II @ Bukit Panjang	The Lentor Residence	Adam Road Hospital
Type	Nursing Home	Nursing Home	Nursing Home	Hospital
Land Area	1,984 sqm	2,000 sqm	2,486 sqm	1,818 sqm
Gross Floor Area ("GFA") as at 26 December 2008	3,593 sqm	3,563 sqm	2,983 sqm	1,246 sqm
Purchase Price	S$11.8 million	S$11.5 million	S$12.8 million	S$14.9 million
Appraised Value by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008	S$12.0 million	S$11.4 million	S$13.0 million	S$17.5 million
Annual Rental	S$934,000	S$910,000	S$1,010,000	S$1,173,000
No. of Beds as at 26 December 2008	259	265	148	35
Year of Building Completion	2004	2006	1999	1981
Title	30 years leasehold from 22 April 2002	30 years leasehold from 14 May 2003	99 years leasehold from 20 August 1938	Freehold
Lease Terms	10 years with an option to renew for a further term of 10 years with effect from 11 April 2007	10 years with an option to renew for a further term of 10 years with effect from 11 April 2007	10 years with an option to renew for a further term of 10 years with effect from 8 June 2007	10 years with an option to renew for a further term of 10 years with effect from 23 July 2007

Pacific Healthcare Nursing Home @ Bukit Merah

6 Lengkok Bahru, Singapore 159051

Located close to Bukit Merah New Town and the Redhill MRT Station, as well as the City Centre, the 4-storey custom-built nursing home has 259 beds, a basement carpark and a roof terrace.

The Home has a land area of 1,984 sqm and a gross floor area ("GFA") of 3,593 sqm. Lease tenure for the land is for a period of 30 years with effect from 22 April 2002.

Managed by Pacific Healthcare Nursing Home Pte. Ltd., the nursing home is valued at S$12.0 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008.

PROPERTIES OVERVIEW

Pacific Healthcare Nursing Home II @ Bukit Panjang
21 Senja Road, Singapore 677736

The property is a 5-storey custom-built nursing home with 265 beds and 33 carpark lots. It is situated close to Bukit Panjang Town Centre and the Senja LRT Station, and is 18 km away from the City Centre.

It has a land area of 2,000 sqm and a GFA of 3,563 sqm. Lease tenure for the land is for a period of 30 years with effect from 14 May 2003.

Managed by Pacific Eldercare and Nursing Pte. Ltd., the nursing home is valued at S$11.4 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008.

The Lentor Residence

51 Lentor Avenue, Singapore 786876

The Lentor Residence is a 4-storey custom-built nursing home situated at Lentor Avenue.

Included as part of the health and medical care of the Master Plan Zoning (2003 Edition), the 148-bed nursing home occupies a land area of 2,486 sqm and a GFA of 2,983 sqm.

Lease tenure for the land is for a period of 99 years with effect from 20 August 1938. The property is valued at S$13.0 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008.

The nursing home is managed by First Lentor Residence Pte. Ltd.

Adam Road Hospital

19 Adam Road, Singapore 289891

Situated close to the junction of Adam Road and Bukit Timah Road, as well as the future Circle Line Botanic Gardens MRT Station, the property is 8 km away from the City Centre. The freehold property consists of a 2-storey custom-built hospital with 35 beds, and external carpark lots on the ground level. This year, we are concluding our plans to enhance Adam Road Hospital to its maximum plot ratio.

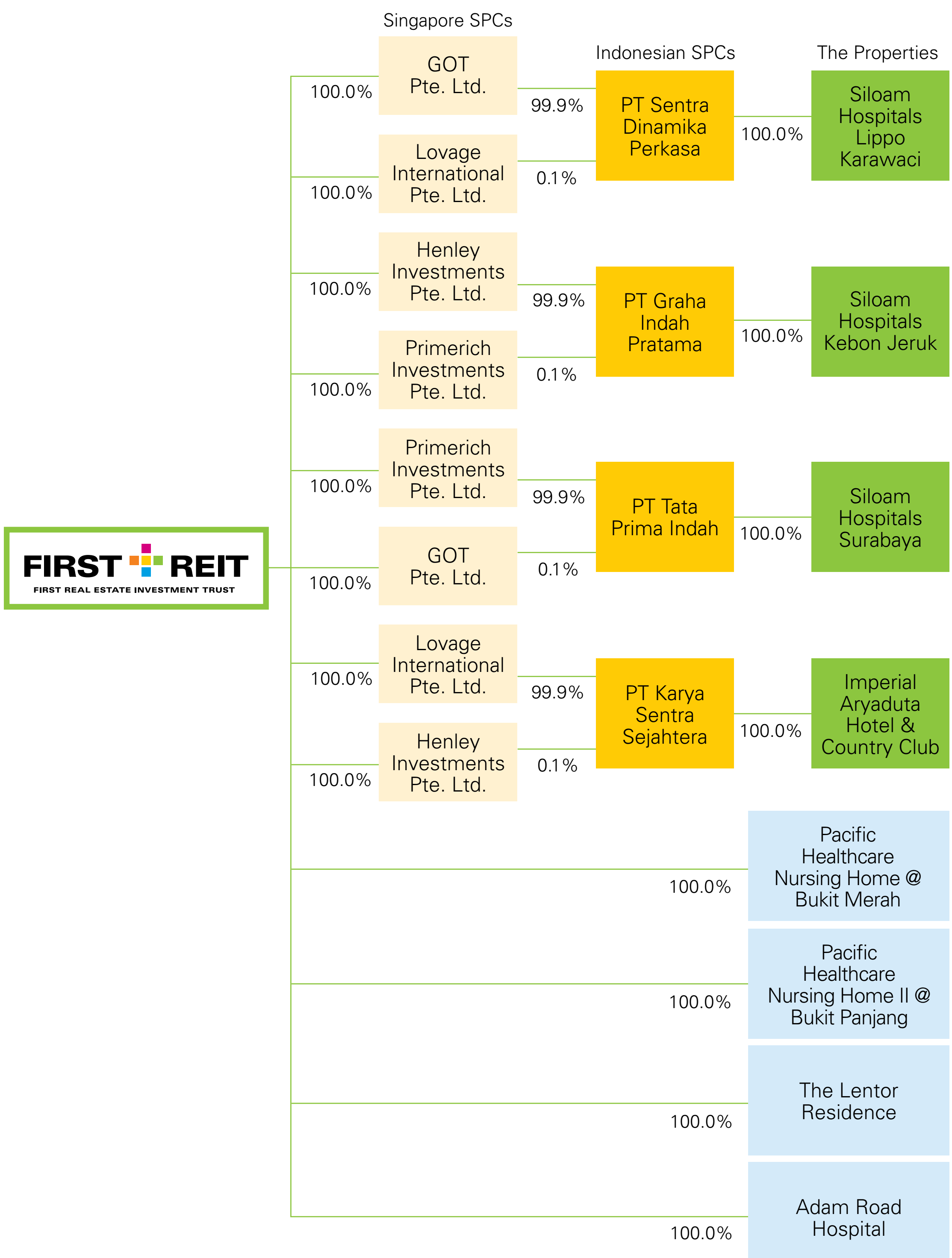
It is valued at S$17.5 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008. It has a land area of 1,818 sqm and a GFA of 1,246 sqm.

The hospital is managed by Health Promise Pte. Ltd.

MOVING AHEAD, FIRST REIT WILL CONTINUE TO IMPROVE THE INCOME GENERATING CAPACITY OF ITS EXISTING PROPERTIES THROUGH ASSET ENHANCEMENT INITIATIVES AND WORKING WITH ITS TENANTS TO CONTINUALLY UPGRADE ITS SERVICES.

TRUST STRUCTURE

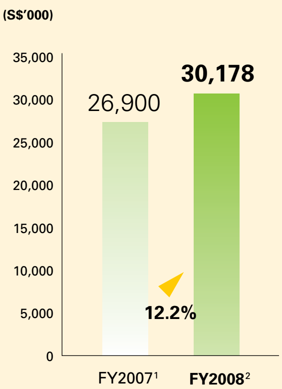
OWNERSHIP STRUCTURE



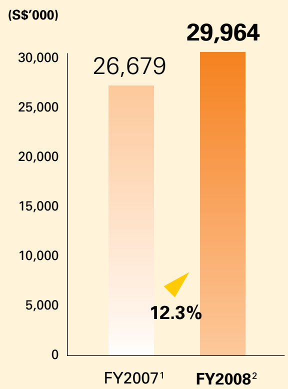
FINANCIAL HIGHLIGHTS

Summary of First REIT's Result

Gross Revenue



Net Property Income

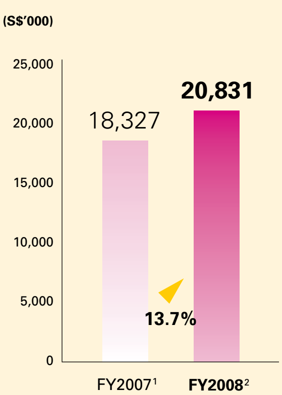


Rental Income

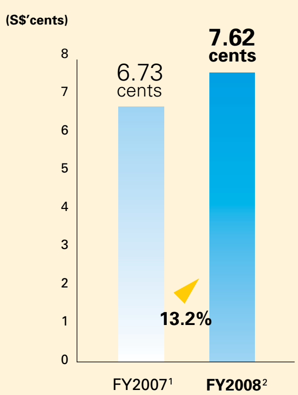
Tenant	%
PT Lippo Karawaci Tbk	86.56
Health Promise Pte. Ltd.	3.91
First Lentor Residence Pte. Ltd.	3.37
Pacific Healthcare Nursing Home Pte. Ltd.	3.12
Pacific Eldercare and Nursing Pte. Ltd.	3.04

- None of the lease commitments will expire in the next five years

Distributable Income



Distribution Per Unit



Balance Sheet

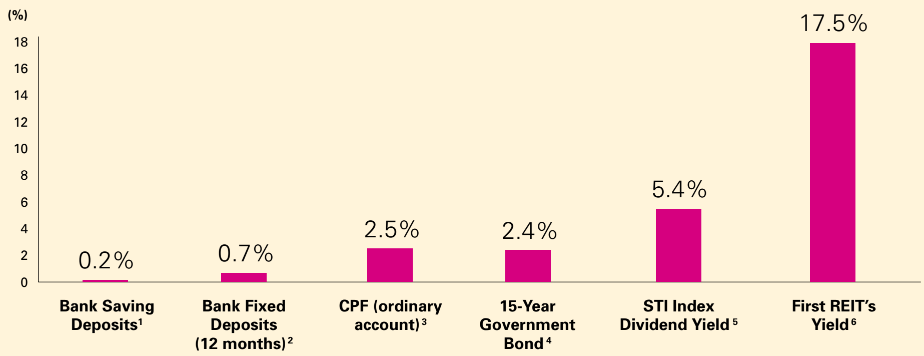
(S$'000m)	As at 31 Dec 08	As at 31 Dec 07
Total Assets	**339,547**	340,872
Total Borrowings	**50,773**	50,633
Unitholders' Funds	**255,098**	251,342

Number of Units in Issue : 273,671,344

Market Capitalisation : S$110.8 million
(As at 31 December 2008)

1 FY2007 refers to the period from 1 Jan 2007 to 31 Dec 2007.
2 FY2008 refers to the period from 1 Jan 2008 to 31 Dec 2008.

Yield Comparison



1 Interest rate for bank savings deposits as at end Dec 2008. (Source: MAS website)
2 Interest rate for bank fixed deposits (12 months) as at end Dec 2008. (Source: MAS website)
3 Interest paid on Central Provident Fund ordinary account from Oct to Dec 2008. (Source: CPF website)
4 Singapore Government Securities bond yield as at 31 Dec 2008. (Source: SGS website)
5 Based on Bloomberg data as at 19 Jan 2009.
6 Based on the closing price of S$0.435 on 20 Jan 2009 and FY2008 DPU of 7.62 Singapore Cents.

Financial Ratios

	FY2008[2]	FY2007[1]
Earnings Per Unit	**8.41 cents**	10.91 cents

	As at 31 Dec 2008	As at 31 Dec 2007
Net Asset Value Per Unit	**93.21 cents**	92.38 cents
Debt to Property	**15.6%**	15.6%
Interest Cover	**14.2 times**	16.5 times
Management Expense Ratio	**1.52%**	1.33%

Unit Price Performance

Unit Price Performance	2008
IPO Offering Price	**S$0.710**
As at last trading day of the year	**S$0.405**
Highest	**S$0.770**
Lowest	**S$0.375**
Average	**S$0.643**
Trading Volume (million units)	**65.824**

FY2009 FINANCIAL CALENDAR (Tentative)

23 April 2009	1Q FY2009 Results Announcement
29 May 2009	1Q FY2009 Distribution to Unitholders
23 July 2009	2Q FY2009 Results Announcement
28 August 2009	2Q FY2009 Distribution to Unitholders
22 October 2009	3Q FY2009 Results Announcement
26 November 2009	3Q FY2009 Distribution to Unitholders
22 January 2010	4Q FY2009 Results Announcement
26 February 2010	4Q FY2009 Distribution to Unitholders

CORPORATE GOVERNANCE

Bowsprit Capital Corporation Limited (the "Manager"), as the manager of First Real Estate Investment Trust ("First REIT") is committed to good corporate governance as it believes that such self-regulatory controls are essential to protect the interest of the Unitholders, as well as critical to the performance of the Manager.

The Manager uses the Code of Corporate Governance (the "Code") as its benchmark for its corporate governance policies and practices. The following segments describe the Manager's main corporate governance policies and practices.

THE MANAGER OF FIRST REIT

The Manager has general powers of management over the assets of First REIT. The Manager's main responsibility is to manage First REIT's assets and liabilities for the benefit of Unitholders.

The primary role of the Manager is to set the strategic direction of First REIT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the "Trustee") on the acquisition, divestment or enhancement of assets of First REIT in accordance with its stated investment strategy. The research, analysis and evaluation required for this purpose are co-ordinated and carried out by the Manager. The Manager is also responsible for the risk management of First REIT.

Other functions and responsibilities of the Manager include:

(i) Using its best endeavours to carry on and conduct its business in a proper and efficient manner and to conduct all transactions with, or on behalf of First REIT, at arm's length and on normal commercial terms;

(ii) Preparing property plans on a regular basis which may contain proposals and forecast on net income, capital expenditure, sales and valuations, explanation of major variances to previous forecasts, written commentary on key issues and any other relevant assumptions. The purpose of these plans is to explain the performance of First REIT's properties;

(iii) Ensuring compliance with the applicable provisions of the Securities and Futures Act ("SFA") and all other relevant legislations, the Listing Manual, the CIS Code (including Property Funds Guidelines), the Trust Deed, Singapore Financial Reporting Standard, any tax ruling and all relevant contracts; and

(iv) Attending to regular communications with Unitholders.

First REIT, constituted as a trust, is externally managed by the Manager and accordingly, it has no personnel of its own. The Manager appoints experienced and well-qualified management personnel to handle the day-to-day operations of the Manager. The Manager, and not First REIT remunerates all directors and employees of the Manager.

BOARD OF DIRECTORS OF THE MANAGER

Role of the Board

The Board of Directors of the Manager (the "Board") is entrusted with the responsibility of overall management of the Manager. The Board is responsible for the overall corporate governance of the Manager including establishing goals for management and monitoring the achievement of these goals. The Manager is responsible for the strategic business direction and risk management of First REIT. All Board members participate in matters relating to corporate governance, business operations and risks, financial performance, and the nomination and review of Directors. The Board has established a framework for the management of the Manager and First REIT, including a system of internal control and a business risk management process.

CORPORATE GOVERNANCE

The Board meets to review the Manager's key activities. Board meetings are held once every quarter (or more often if necessary) to discuss and review the strategies and policies of First REIT, including any significant acquisitions and disposals, the annual budget, the financial performance of First REIT against previously approved budget, and to approve the release of the quarterly, half year and full year results. The Board also reviews the risks to the assets of First REIT, and acts upon any comments from the auditors of First REIT. Where necessary, additional Board meetings would be held to address significant transactions or issues. The Articles of Association (the "Articles") of the Manager provides for Board meetings to be held by way of telephone conference and videoconference.

The Board is supported by the Audit Committee that provides independent supervision of management.

The Board has adopted a set of internal controls, which sets out approval limits on capital expenditure, investments and divestments and bank borrowings as well as arrangement in relation to cheque signatories. The Board believes that the internal controls system adopted is adequate and appropriate delegations of authority have been provided to the management to facilitate operational efficiency.

Changes to regulations, policies and accounting standards are monitored closely. Where the changes have an important impact on First REIT or have an important bearing on the Manager's or Directors' disclosure obligations, the Directors will be briefed either during Board meetings or at specially-convened sessions involving relevant professionals. Management also provides the Board with complete and adequate information in a timely manner through regular updates on financial results, market trends and business developments. Newly appointed directors are briefed by management on the business activities of First REIT and its strategic directions.

Four Board meetings were held in year 2008. The attendance at the Board meetings held is set out in page 32.

Board Composition and Balance

The Board presently consists of six Directors and one Alternate Director, of whom three are Non-Executive Independent Directors. The Chairman of the Board is Mr Albert Saychuan Cheok. The Chief Executive Office is Dr Ronnie Tan Keh Poo. The other members of the Board are Datuk Robert Chua Teck Chew, Mr Goh Tiam Lock, Mr Mag Rainer Silhavy, Mr Markus Parmadi and Mr Klaus Krombass (Alternate Director to Mr Mag Rainer Silhavy).

The Board comprises business leaders and professionals with fund management, property, banking and finance backgrounds. The Board considers the present Board size appropriate for the nature and scope of First REIT's operations. The profiles of the Directors are set out on pages 7 and 8 of this Annual Report.

The composition of the Board is determined using the following principles: -

- The Chairman of the Board should be a non-executive Director;
- The Board should comprise Directors with a broad range of commercial experience, including expertise in funds management and the property industry; and
- At least one-third of the Board should comprise Independent Directors.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate size and mix of expertise and experience

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman of the Board and Chief Executive Officer are separately held by two persons. The Chairman, Mr Albert Saychuan Cheok is an Independent Director while the Chief Executive Officer, Dr Ronnie Tan Keh Poo is an Executive Director. This is so to maintain an effective oversight and clear segregation of responsibilities.

The Chairman is responsible for the overall management of the Board as well as ensuring that members of the Board work together with management in a constructive manner to address strategies, business operations and enterprise issues. The Chief Executive Officer has full executive responsibilities over the business directions and operational decisions concerning the management of First REIT. He works closely with the Board to implement the policies set by the Board to realise the Manager's vision.

The majority of the Directors are non-executive and independent of management. This enables management to benefit from their external, diverse and objective perspective on issues that are brought before the Board. It also enables the Board to work with management through robust exchange of ideas and views to help shape the strategic process. This, together with a clear separation of the roles between the Chairman and Chief Executive Officer, provides a healthy professional relationship between the Board and management, with clarity of roles and robust oversight as they deliberate on business activities of the Manager.

The Board has separate and independent access to senior management and the company secretary at all times. The company secretary attends to corporate secretarial administration matters and attends all Board meetings. The Board also has access to independent professional advice where appropriate.

AUDIT COMMITTEE

The Audit Committee is appointed by the Board from among the Directors and is composed of three members, the majority of whom (including the Chairman of the Audit Committee) are Independent Directors.

Presently, the Audit Committee consists of the following members:

Mr Albert Saychuan Cheok (Chairman)	(Non-executive and Independent)
Datuk Robert Chua Teck Chew	(Non-executive and Independent)
Mr Goh Tiam Lock	(Non-executive and Independent)

The role of the Audit Committee is to monitor and evaluate the effectiveness of the Manager's internal controls. The Audit Committee also reviews the quality and reliability of information prepared for inclusion in financial reports, and is responsible for the nominations of external auditors and reviewing the adequacy of external audits in respect of cost, scope and performance.

The Audit Committee's responsibilities also include:

- monitoring the procedures established to regulate Related Party Transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions" (as defined therein) and the provisions of the Property Funds Guidelines relating to "interested party transactions" (as defined therein) (both such types of transactions constituting "Related Party Transactions");

- reviewing external audit reports to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management;

- reviewing internal audit reports at least once a year to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with;
- ensuring that the internal audit function is adequately resourced and has appropriate standing with First REIT;
- monitoring the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Property Funds Guidelines;
- nominating external auditors;
- reviewing the nature and extent of non-audit services performed by the external auditors;
- reviewing, on an annual basis, the independence and objectivity of the external auditors;
- meeting with external and internal auditors, without presence of the Executive Officers, at least on an annual basis;
- examining the effectiveness of financial, operating and compliance controls;
- reviewing the financial statements and the internal audit report;
- investigating any matters within the Audit Committee's terms of reference, whenever it deems necessary; and
- reporting to the Board on material matters, findings and recommendations.

The Audit Committee has full access to and co-operation from management and enjoys full discretion to invite any director and executive officer of the Manager to attend its meetings. The Audit Committee has full access to reasonable resources to enable it to discharge its functions properly.

The Audit Committee had also conducted a review of all non-audit services provided by the external auditors and is satisfied that the extent of such services will not prejudice the independence and objectivity of the external auditors. The amount paid to external auditors for non-audit fees was S$3,500 during the financial year under review.

Four Audit Committee meetings were held during the financial year 2008. The attendance at the Audit Committee meetings held is set out in page 32.

INTERNAL AUDIT

The Manager has put in place a system of internal controls of procedures and processes to safeguard First REIT's assets, Unitholders' interest as well as to manage risk.

The internal audit function of the Manager is out-sourced to Baker Tilly Consultancy (S) Pte. Ltd., an associate of Baker Tilly International. The internal auditors report directly to the Audit Committee on audit matters, and to the Board on administrative matters. The Audit Committee is of the view that the internal auditor has adequate resources to perform its functions and has to the best of its ability, maintained its independence from the activities that it audits.

DEALINGS IN FIRST REIT UNITS

In general, the Directors and employees of the Manager are encouraged, as a matter of internal policy, to hold First REIT units ("Units") but are prohibited from dealing in Units:

- in the period commencing one month before the public announcement of First REIT's annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of First REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations;
- at any time while in possession of price sensitive information; and
- on short-term considerations.

In addition, the Manager has given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in the Units and any changes thereto within two business days after the date on which it acquires or disposes of any Units, as the case may be. The Manager has also undertaken that it will not deal in Units in the period commencing one month before the public announcement of First REIT's annual and semi-annual results and (where applicable) property valuations and two weeks before the public announcement of First REIT's quarterly results, and ending on the date of announcement of the relevant results or, as the case may be, property valuations.

MANAGEMENT OF BUSINESS RISK

Effective risk management is a fundamental part of First REIT's business strategy. Recognising and managing risk is central to the business and to protecting Unitholders' interests and value. First REIT operates within overall guidelines and specific parameters set by the Board. Each transaction is comprehensively analysed to understand the risks involved. Responsibility of managing risk lies initially with the business unit concerned, working within the overall strategy outlined by the Board.

The Board meets quarterly or more often, if necessary and reviews the financial performance of the Manager and First REIT against a previously approved budget. The Board will also review the business risks of First REIT, examine liability management and will act upon any comments from the auditors of First REIT. In assessing business risk, the Board considers the economic environment and risk relevant to the property industry. The Board reviews management reports and feasibility studies on individual development projects prior to approving major transactions. Management meets regularly to review the operations of the Manager and First REIT and discuss any disclosure issues.

DEALING WITH CONFLICT OF INTEREST

The Manager has instituted the following procedures to deal with potential conflicts of interest issues, which the Manager may encounter, in managing First REIT:

- The Manager will not manage any other real estate investment trust which invests in the same type of properties as First REIT;
- All executive officers will be employed by the Manager;
- All resolutions in writing of the Directors in relation to matters concerning First REIT must be approved by a majority of the Directors, including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors; and

- In respect of matters in which the Sponsor and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or its subsidiaries to the Board to represent its/ their interest will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude the nominee Directors of the Sponsor and/ or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of First REIT with a related party of the Manager, the Manager shall be obliged to consult a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee has a prima facie case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation to such agreement. The Directors will have a duty to ensure that the Manager so complies. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of First REIT with a related party of the Manager and the Trustee may take any action it deems necessary to protect the right of Unitholders and/or which is in the interest of Unitholders. Any decision by the Manager not to take action against a related party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such related party.

WHISTLE BLOWING POLICY

The Audit Committee has put in place procedures to provide employees of the Manager with well defined and accessible channels to report on suspected fraud, corruption, dishonest practices or other similar matters relating to First REIT or the Manager, and for the independent investigation of any reports by employees and appropriate follow up action. The aim of the whistle blowing policy is to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly, and to the extent possible, be protected from reprisal.

RELATED PARTY TRANSACTIONS

The Manager has established procedures to ensure that all future Related Party Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of First REIT and the Unitholders. As a general rule, the Manager must demonstrate to its Audit Committee that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Guidelines).

In addition, the following procedures will be undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding S$100,000.00 in value but below 3.0% of the value of First REIT's net tangible assets will be subject to review by the Audit Committee at regular intervals;

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 3.0% but below 5% of the value of First REIT's net tangible assets will be subject to review and prior approval of the Audit Committee. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types transactions made by the Trustee with third parties which are unrelated to the Manager; and

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same related party during the same financial year) equal to or exceeding 5.0% of the value of First REIT's net tangible assets will be reviewed and approved prior to such transactions being entered into, on the basis described in the preceding paragraph, by the Audit Committee which may, as it deems fit, request advice on the transactions from independent sources or advisers, including obtaining valuations from independent professional valuers. Further, under the Listing Manual and the Property Funds Guidelines, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning First REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of First REIT with a related party of the Manager or First REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of First REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Guidelines and/or the Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving a related party of the Manager or First REIT . If the Trustee is to sign any contract with a related party of the Manager or First REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to interested party transactions in the Property Funds Guidelines (as may be amended from time to time) as well as such other guidelines as may be from time to time prescribed by the MAS or SGX-ST to apply to real estate investment trusts.

There were no new interested persons transactions in respect of financial year ended 31 December 2008.

Role of the Audit Committee for Related Party Transactions

All Related Party Transactions will be subject to regular periodic reviews by the Audit Committee. The Manager's internal control procedures are intended to ensure that Related Party Transactions are conducted on arm's length basis and on normal commercial terms and are not prejudicial to the interest of First REIT and the Unitholders.

The Manager will maintain a register to record all Related Party Transactions (and the bases, including any quotations from unrelated third parties and independent valuations obtained to support such bases, on which they are entered into) which are entered into by First REIT. The Manager will incorporate into its internal audit plan a review of all Related Party Transactions entered into by First REIT. The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Related Party Transactions have been complied with. In addition, the Trustee will also have the right to review such audit reports to ascertain that the Property Funds Guidelines have been complied with. The Audit Committee will periodically review all Related Party Transactions to ensure compliance with the Manager's internal control procedures and with the relevant provisions of the Property Funds Guidelines and/or the Listing Manual. The review will include the examination of the nature of the transactions and its supporting documents or such other data deemed necessary by the Audit Committee.

If a member of the Audit Committee has an interest in a transaction, he is required to abstain from participating in the review and approval process in relation to that transaction.

The Manager will disclose in First REIT's annual report the aggregate value of Related Party Transactions entered into during the relevant financial year.

CORPORATE GOVERNANCE

COMMUNICATION WITH UNITHOLDERS

The Listing Manual of the SGX-ST requires that a listed entity disclose to the market matters that would be likely to have a material effect on the price of the entity's securities. The Manager strives to uphold a strong culture of timely disclosure and transparent communication with the First REIT Unitholders and the investing community.

The Manager's disclosure policy requires timely and full disclosure of all material information relating to First REIT by way of public releases or announcements through the SGX-ST via SGXNET at first instance and then including the release on First REIT's website at www.first-reit.com.

The Manager also conducts regular briefings for analyst and media representatives, which generally coincide with the release of First REIT's results. During these briefings, management will review First REIT's most recent performance as well as discuss business outlook for First REIT. In line with the Manager's objective of transparent communication, briefing materials are released through SGX-ST via SGXNet and also made available on First REIT's website at www.first-reit.com.

BOARD COMPOSITION AND AUDIT COMMITTEE

The Manager believes that contributions from each Director can be reflected in ways other than the reporting of attendances at Board and Audit Committee meetings. A Director of the Manager would have been appointed on the principles outlined earlier in this statement, and his ability to contribute to the proper guidance of the Manager in its management of First REIT.

The matrix of the Board members and Audit Committee members attendance at meetings held in the year 2008 is as follows:

Name of Directors/ Audit Committee Members	Board Meetings	Audit Committee Meetings
	Attendance/ No. of meetings held	Attendance/ No. of meetings held
Albert Saychuan Cheok	4/4	4/4
Dr Ronnie Tan Keh Poo	4/4	NA
Datuk Robert Chua Teck Chew	3/4	3/4
Goh Tiam Lock	4/4	4/4
Mag Rainer Silhavy	2/4	NA
Markus Parmadi	4/4	NA
Klaus Krombass (Alternate Director to Mag Rainer Silhavy)	1/4	NA

NA: Not Applicable

FINANCIAL CONTENTS

34 Report of the Trustee **35** Statement by the Manager **36** Independent Auditors' Report
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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") in trust for the holders ("Unitholders") of the units in the Trust (the "Units"). In accordance with the Securities and Futures Act (Cap. 289 of Singapore), its subsidiary legislation and the Code on Collective Investment Schemes (the "CIS Code") and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Bowsprit Capital Corporation Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 19 October 2006 (subsequently amended on 6 September 2007) made between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations, Singapore Financial Reporting Standards as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the year covered by the accompanying financial statements, set out on pages 38 to 83 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

John Van Verre
Director

Singapore
23 January 2009

STATEMENT BY THE MANAGER

In the opinion of the directors of Bowsprit Capital Corporation Limited, the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group") set out on pages 38 to 83 comprising the statements of total return, statements of distribution, balance sheets, statements of changes in unitholders' funds, statements of portfolio, and statements of cash flow of the Group and the Trust, and a summary of significant accounting policies and other explanatory notes, are drawn up so as to present fairly, in all material respects, the financial position and portfolio of the Group and of the Trust as at 31 December 2008, the statements of total return, statements of distribution and statements of changes in unitholders' fund and statements of cash flow of the Group and of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, the provisions of the Trust Deed and Singapore Financial Reporting Standards. At the date of this statement, there are reasonable grounds to believe that the Group will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager,
Bowsprit Capital Corporation Limited

Dr Ronnie Tan Keh Poo
Director

Singapore
23 January 2009

INDEPENDENT AUDITORS' REPORT

to the Unitholders of FIRST REAL ESTATE INVESTMENT TRUST

We have audited the accompanying financial statements of First Real Estate Investment Trust (the "Trust") and its subsidiaries (the "Group"), as set out on pages 38 to 83 which comprise the balance sheets and statements of portfolio of the Group and of the Trust as at 31 December 2008, the statements of total return, statements of distribution, statements of changes in unitholders' funds and statements of cash flow of the Group and the Trust for the year then ended, and a summary of significant accounting policies and other explanatory notes.

MANAGERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Bowsprit Capital Corporation Limited (the "Manager") of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Trust Deed, Singapore Financial Reporting Standards and the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statements of total return and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

INDEPENDENT AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager of the Trust, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Trust Deed, Singapore Financial Reporting Standards and the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" so as to give a true and fair view of the state of affairs of the Group and the Trust as at 31 December 2008, and the returns, changes in unitholders' funds and cash flows of the Group and the Trust for the year ended on that date.

RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants Singapore

Singapore
23 January 2009

Partner in charge of audit: Kaka Singh
Effective from year ended 31 December 2007

STATEMENTS OF TOTAL RETURN

Year Ended 31 December 2008

	Notes	Group		Trust	
		2008 **$'000**	2007 $'000	**2008** **$'000**	2007 $'000
Gross Revenue	4	**30,178**	28,290	**23,397**	21,419
Property Operating Expenses	5	**(214)**	(237)	**(47)**	(122)
Net Property Income		**29,964**	28,053	**23,350**	21,297
Manager's Management Fees	6	**(2,947)**	(2,664)	**(2,947)**	(2,664)
Trustee Fees		**(107)**	(120)	**(107)**	(120)
Finance Costs	7	**(1,848)**	(1,610)	**(1,848)**	(1,610)
Other Expenses	8	**(600)**	(486)	**(804)**	(458)
Net Income		**24,462**	23,173	**17,644**	16,445
(Decrease)/Increase in Fair Value of Investment Properties	12	**(700)**	90,952	**–**	2,125
Total Return for the Year Before Income Tax		**23,762**	114,125	**17,644**	18,570
Income Tax for the Year	9	**(809)**	(31,688)	**–**	(382)
Total Return for the Year after Income Tax		**22,953**	82,437	**17,644**	18,188
		Cents	Cents	**Cents**	Cents
Earnings per Unit in Cents					
Basic and Diluted Earnings per Unit	10	**8.41**	30.35	**N/A**	N/A
Adjusted Notional Basic and Diluted Earnings per Unit	10	**7.23**	6.82	**N/A**	N/A

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF DISTRIBUTION

Year Ended 31 December 2008

	Group 2008 $'000	Trust 2008 $'000
Total Return for the Year after Income Tax	**22,953**	**17,644**
Less: Net Adjustments (Note A below)	**(2,122)**	**3,187**
Total Distribution to Unitholders	**20,831**	**20,831**
Distributions Made to Unitholders:		
Distribution of 1.85 cents per unit for the period from 1 January 2008 to 31 March 2008	**5,042**	**5,042**
Distribution of 1.91 cents per unit for the period from 1 April 2008 to 30 June 2008	**5,216**	**5,216**
Distribution of 1.92 cents per unit for the period from 1 July 2008 to 30 September 2008	**5,255**	**5,255**
Total Interim Distribution Paid in the Year Ended 31 December 2008	**15,513**	**15,513**
Total Return Available for Distribution to Unitholders for the Quarter Ended 31 December 2008 Paid After the Year End Date (See Note 11)	**5,318**	**5,318**
	20,831	**20,831**
Unitholders' Distribution:		
– As Distribution from Operations	**18,761**	**18,761**
– As Distribution of Unitholders' Capital Contribution	**2,070**	**2,070**
	20,831	**20,831**

Note A

	Group 2008 $'000	Trust 2008 $'000
Net Adjustments:		
Change in Fair Value of Investment Properties, Net of Deferred Tax	**(3,239)**	**–**
Manager's Management Fees Settled in Units	**1,117**	**1,117**
Tax-Exempt Income	**–**	**2,070**
	(2,122)	**3,187**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF DISTRIBUTION

Year Ended 31 December 2008

	Group 2007 $'000	Trust 2007 $'000
Total Return for the Year after Income Tax	82,437	18,188
Less: Net Adjustments (Note A below)	(63,160)	1,089
Total Distribution to Unitholders	19,277	19,277
Distributions Made to Unitholders:		
Distribution of 1.96 cents per unit for the period from 19 October 2006 to 31 March 2007	5,296	5,296
Distribution of 1.65 cents per unit for the period from 1 April 2007 to 30 June 2007	4,495	4,495
Distribution of 1.72 cents per unit for the period from 1 July 2007 to 30 September 2007	4,693	4,693
Total Interim Distribution Paid in the Year Ended 31 December 2007	14,484	14,484
Total Return Available for Distribution to Unitholders for the Quarter Ended 31 December 2007 Paid After the Year End Date (See Note 11)	4,793	4,793
	19,277	19,277
Unitholders' Distribution:		
– As Distribution from Operations	17,088	17,088
– As Distribution of Unitholders' Capital Contribution	2,189	2,189
	19,277	19,277

Note A

	Group 2007 $'000	Trust 2007 $'000
Net Adjustments:		
Change in Fair Value of Investment Properties, Net of Deferred Tax	(63,921)	(1,743)
Manager's Management Fees Settled in Units	695	695
Provision on Property Operating Expenses	100	100
Tax-Exempt Income	–	2,986
Other Adjustments	(34)	(949)
	(63,160)	1,089

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

As at 31 December 2008

	Notes	Group 2008 $'000	Group 2007 $'000	Trust 2008 $'000	Trust 2007 $'000
ASSETS					
Non-Current Assets					
Investment Properties	12	**324,900**	325,600	**53,900**	53,900
Investments in Subsidiaries	13	**–**	–	**178,613**	180,683
Total Non-Current Assets		**324,900**	325,600	**232,513**	234,583
Current Assets					
Trade and Other Receivables, Current	14	**1,358**	808	**2,096**	187
Other Assets, Current	15	**872**	859	**367**	346
Cash and Cash Equivalents	16	**12,417**	13,605	**11,731**	12,694
Total Current Assets		**14,647**	15,272	**14,194**	13,227
Total Assets		**339,547**	340,872	**246,707**	247,810
UNITHOLDERS' FUNDS AND LIABILITIES					
Unitholders' Fund					
Issued Equity		**180,756**	181,722	**180,756**	181,722
Retained Earnings		**74,342**	69,620	**4,784**	5,371
Total Unitholders' Funds	17	**255,098**	251,342	**185,540**	187,093
Non-Current Liabilities					
Other Financial Liabilities, Non-Current	19	**–**	50,633	**–**	50,633
Deferred Tax Liabilities	9	**23,092**	27,031	**382**	382
Total Non-Current Liabilities		**23,092**	77,664	**382**	51,015
Current Liabilities					
Income Tax Payable, Current	9	**537**	2,091	**–**	–
Trade and Other Payables, Current	20	**2,361**	2,174	**7,326**	7,093
Other Financial Liabilities, Current	19	**50,773**	–	**50,773**	–
Other Liabilities, Current	21	**7,686**	7,601	**2,686**	2,609
Total Current Liabilities		**61,357**	11,866	**60,785**	9,702
Total Liabilities		**84,449**	89,530	**61,167**	60,717
Total Unitholders' Funds and Liabilities		**339,547**	340,872	**246,707**	247,810
		Cents	Cents	**Cents**	Cents
Net Asset Value per Unit in Cents					
Basic Net Asset Value	17	**93.21**	92.38	**67.80**	68.77
Adjusted Notional Basic Net Asset Value	17	**68.67**	68.88	**67.16**	68.12

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' FUNDS

Year Ended 31 December 2008

	Issued equity $'000	Retained earnings $'000	Total $'000
GROUP			
Current Year:			
Opening Balance at 1 January 2008	**181,722**	**69,620**	**251,342**
Total Return for the Year	**–**	**22,953**	**22,953**
Total Recognised Income for the Year	**–**	**22,953**	**22,953**
Other Movements in Equity:			
Transactions With Unitholders:			
Manager's Management Fees Settled in Units	**1,108**	**–**	**1,108**
Distribution to Unitholders (Note 11)	**(2,074)**	**(18,231)**	**(20,305)**
Total Other Movements in Equity	**(966)**	**(18,231)**	**(19,197)**
Closing Balance at 31 December 2008	**180,756**	**74,342**	**255,098**
Previous Year:			
Opening Balance at 1 January 2007	–	–	–
Total Return for the Year	–	82,437	82,437
Total Recognised Income for the Year	–	82,437	82,437
Other Movements in Equity:			
Transactions With Unitholders:			
Initial Public Offering (Net of Issue Costs)	182,872	–	182,872
Manager's Management Fees Settled in Units	517	–	517
Distribution to Unitholders (Note 11)	(1,667)	(12,817)	(14,484)
Total Other Movements in Equity	181,722	(12,817)	168,905
Closing Balance at 31 December 2007	181,722	69,620	251,342

The accompanying notes form an integral part of these financial statements.

	Issued equity $'000	Retained earnings $'000	Total $'000
TRUST			
Current Year:			
Opening Balance at 1 January 2008	**181,722**	**5,371**	**187,093**
Total Return for the Year	**–**	**17,644**	**17,644**
Total Recognised Income for the Year	**–**	**17,644**	**17,644**
<u>Other Movements in Equity:</u>			
Transactions With Unitholders:			
Manager's Management Fees Settled in Units	**1,108**	**–**	**1,108**
Distribution to Unitholders (Note 11)	**(2,074)**	**(18,231)**	**(20,305)**
Total Other Movements in Equity	**(966)**	**(18,231)**	**(19,197)**
Closing Balance at 31 December 2008	**180,756**	**4,784**	**185,540**
Previous Year:			
Opening Balance at 1 January 2007	–	–	–
Total Return for the Year	–	18,188	18,188
Total Recognised Income for the Year	–	18,188	18,188
<u>Other Movements in Equity:</u>			
Transactions With Unitholders:			
Initial Public Offering (Net of Issue Costs)	182,872	–	182,872
Manager's Management Fees Settled in Units	517	–	517
Distribution to Unitholders (Note 11)	(1,667)	(12,817)	(14,484)
Total Other Movements in Equity	181,722	(12,817)	168,905
Closing Balance at 31 December 2007	181,722	5,371	187,093

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2008

By Geographical Area

Group

Description of Property/ Location/Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/ Last Valuation Date	31 December 2008 $'000	Percentage of Total Net Assets as at 31 December 2008 %
Indonesia				
Siloam Hospitals Lippo Karawaci Jalan Siloam No. 6 Lippo Karawaci, Tangerang, Banten, Indonesia 15811 11 December 2006	27,284	Hospital. Hak Guna Bangunan ("HGB"). Revalued at 26 December 2008	**138,500**	**54.29**
Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) Jalan Raya Perjuangan Kav. 8, Kebon Jeruk, West Jakarta, Indonesia 11530 11 December 2006	18,234	Hospital. HGB. Revalued at 26 December 2008	**74,100**	**29.05**
Siloam Hospitals Surabaya Jalan Raya Gubeng No.70 Gubeng Surabaya, East Jawa, Indonesia 60281 11 December 2006	9,227	Hospital. HGB. Revalued at 26 December 2008	**26,200**	**10.27**
Imperial Aryaduta Hotel & Country Club 401 Jenderal Sudirman Lippo Karawaci Tangerang, Banten, Indonesia 15811 11 December 2006	17,427	Hotel & Country Club. HGB. Revalued at 26 December 2008	**32,200**	**12.62**
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah, 6 Lengkok Bahru, Singapore 159051 11 April 2007	3,593	Nursing Home. 30 years leasehold from 2002. Revalued at 26 December 2008	**12,000**	**4.70**
Pacific Healthcare Nursing Home II @ Bukit Panjang, 21 Senja Road, Singapore 677736 11 April 2007	3,563	Nursing Home. 30 years leasehold from 2003. Revalued at 26 December 2008	**11,400**	**4.47**
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007	2,983	Nursing Home. 99 years leasehold from 1938. Revalued at 26 December 2008	**13,000**	**5.10**
Adam Road Hospital 19 Adam Road, Singapore 289891 23 July 2007	1,246	Hospital. Freehold. Revalued at 26 December 2008	**17,500**	**6.86**
Portfolio of Investment Properties at Valuation			**324,900**	**127.36**
Other Net Liabilities			**(69,802)**	**(27.36)**
Net Assets Attributable to Unitholders			**255,098**	**100.00**

The accompanying notes form an integral part of these financial statements.

By Geographical Area

Trust

Description of Property/ Location/Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/ Last Valuation Date	31 December 2008 $'000	Percentage of Total Net Assets as at 31 December 2008 %
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah, 6 Lengkok Bahru, Singapore 159051 11 April 2007	3,593	Nursing Home. 30 years leasehold from 2002. Revalued at 26 December 2008	**12,000**	**6.47**
Pacific Healthcare Nursing Home II @ Bukit Panjang, 21 Senja Road, Singapore 677736 11 April 2007	3,563	Nursing Home. 30 years leasehold from 2003. Revalued at 26 December 2008	**11,400**	**6.14**
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007	2,983	Nursing Home. 99 years leasehold from 1938. Revalued at 26 December 2008	**13,000**	**7.01**
Adam Road Hospital 19 Adam Road, Singapore 289891 23 July 2007	1,246	Hospital. Freehold. Revalued at 26 December 2008	**17,500**	**9.43**
Portfolio of Investment Properties at Valuation			**53,900**	**29.05**
Investments in Subsidiaries			**178,613**	**96.27**
Other Net Liabilities			**(46,973)**	**(25.32)**
Net Assets Attributable to Unitholders			**185,540**	**100.00**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PORTFOLIO

As at 31 December 2008

By Geographical Area

Group

Description of Property/ Location/Acquisition Date	**Gross Floor Area in Square Meter**	**Tenure of Land/ Last Valuation Date**	31 December 2007 $'000	**Percentage of Total Net Assets as at** 31 December 2007 %
Indonesia				
Siloam Hospitals Lippo Karawaci Jalan Siloam No. 6 Lippo Karawaci, Tangerang, Banten, Indonesia 15811 11 December 2006	27,284	Hospital. Hak Guna Bangunan ("HGB"). Revalued at 26 December 2007	139,000	55.30
Siloam Hospitals Kebon Jeruk Jalan Raya Perjuangan Kav. 8, Kebon Jeruk, West Jakarta, Indonesia 11530 11 December 2006	18,234	Hospital. HGB. Revalued at 26 December 2007	75,100	29.88
Siloam Hospitals Surabaya Jalan Raya Gubeng No.70 Gubeng Surabaya, East Jawa, Indonesia 60281 11 December 2006	9,042	Hospital. HGB. Revalued at 26 December 2007	25,800	10.26
Imperial Aryaduta Hotel & Country Club 401 Jenderal Sudirman Lippo Karawaci Tangerang, Banten, Indonesia 15811 11 December 2006	17,427	Hotel & Country Club. HGB. Revalued at 26 December 2007	31,800	12.65
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah, 6 Lengkok Bahru, Singapore 159051 11 April 2007	3,593	Nursing Home. 30 years leasehold from 2002. Revalued at 26 December 2007	12,600	5.01
Pacific Healthcare Nursing Home II @ Bukit Panjang, 21 Senja Road, Singapore 677736 11 April 2007	3,563	Nursing Home. 30 years leasehold from 2003. Revalued at 26 December 2007	11,500	4.58
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007	2,983	Nursing Home. 99 years leasehold from 1938. Revalued at 26 December 2007	13,100	5.21
Adam Road Hospital 19 Adam Road, Singapore 289891 23 July 2007	1,246	Hospital. Freehold. Revalued at 26 December 2007	16,700	6.65
Portfolio of Investment Properties at Valuation			325,600	129.54
Other Net Liabilities			(74,258)	(29.54)
Net Assets Attributable to Unitholders			251,342	100.00

The accompanying notes form an integral part of these financial statements.

By Geographical Area
Trust

Description of Property/ Location/Acquisition Date	Gross Floor Area in Square Meter	Tenure of Land/ Last Valuation Date	31 December 2007 $'000	Percentage of Total Net Assets as at 31 December 2007 %
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah, 6 Lengkok Bahru, Singapore 159051 11 April 2007	3,593	Nursing Home. 30 years leasehold from 2002. Revalued at 26 December 2007	12,600	6.73
Pacific Healthcare Nursing Home II @ Bukit Panjang, 21 Senja Road, Singapore 677736 11 April 2007	3,563	Nursing Home. 30 years leasehold from 2003. Revalued at 26 December 2007	11,500	6.15
The Lentor Residence 51 Lentor Avenue, Singapore 786876 8 June 2007	2,983	Nursing Home. 99 years leasehold from 1938. Revalued at 26 December 2007	13,100	7.00
Adam Road Hospital 19 Adam Road, Singapore 289891 23 July 2007	1,246	Hospital. Freehold. Revalued at 26 December 2007	16,700	8.93
Portfolio of Investment Properties at Valuation			53,900	28.81
Investments in Subsidiaries			180,683	96.57
Other Net Liabilities			(47,490)	(25.38)
Net Assets Attributable to Unitholders			187,093	100.00

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOW

Year Ended 31 December 2008

	Group		Trust	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Cash Flows from Operating Activities:				
Total Return before Income Tax	**23,762**	114,125	**17,644**	18,570
Interest Income	**(214)**	(230)	**(154)**	(227)
Interest Expense	**1,708**	1,306	**1,708**	1,306
Amortisation of Borrowing Costs	**140**	304	**140**	304
Dividend Income	**–**	–	**(19,216)**	(18,790)
Decrease/(Increase) in Fair Value of Investment Properties	**700**	(90,952)	**–**	(2,125)
Manager's Management Fees Settled in Units	**1,108**	517	**1,108**	517
Operating Cash Flows before Changes in Working Capital	**27,204**	25,070	**1,230**	(445)
Trade and Other Receivables, Current	**(594)**	(741)	**(1,951)**	(123)
Other Assets, Current	**(13)**	(360)	**(21)**	(346)
Trade and Other Payables, Current	**265**	1,500	**311**	6,419
Other Liabilities, Current	**85**	7,601	**77**	2,609
Net Cash Flows from/(Used in) Operating Activities before Income Tax	**26,947**	33,070	**(354)**	8,114
Income Taxes Paid	**(6,303)**	(3,065)	**–**	–
Net Cash Flows from/(Used in) Operating Activities	**20,644**	30,005	**(354)**	8,114
Cash Flows from Investing Activities:				
Acquisition of Investment Properties	**–**	(234,648)	**–**	(51,775)
Decrease/(Increase) in Investments in Subsidiaries	**–**	–	**2,070**	(180,683)
Interest Received	**259**	163	**196**	163
Dividend Received	**–**	–	**19,216**	18,790
Net Cash Flows from/(Used in) Investing Activities	**259**	(234,485)	**21,482**	(213,505)
Cash Flows from Financing Activities:				
Distribution to the Unitholders	**(20,305)**	(14,484)	**(20,305)**	(14,484)
Proceeds from Issuance of Units	**–**	182,872	**–**	182,872
Increase in Borrowings	**–**	50,633	**–**	50,633
Interest Paid	**(1,786)**	(936)	**(1,786)**	(936)
Net Cash Flows (Used in)/from Financing Activities	**(22,091)**	218,085	**(22,091)**	218,085
Net (Decrease)/Increase in Cash and Cash Equivalents	**(1,188)**	13,605	**(963)**	12,694
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	**13,605**	–	**12,694**	–
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 16A)	**12,417**	13,605	**11,731**	12,694

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2008

1. GENERAL

First Real Estate Investment Trust ("First REIT" or the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 19 October 2006 ("Trust Deed") (subsequently amended on 6 September 2007) entered into between Bowsprit Capital Corporation Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"), governed by the laws of the Republic of Singapore.

First REIT was admitted to the official list on the Singapore Exchange Securities Trading Limited ("SGX-ST") on 11 December 2006.

The principal activity of the Trust and its subsidiaries (the "Group") is to invest in a portfolio of income producing real estate, which is primarily used for healthcare and healthcare-related purposes. The primary objective is to deliver regular and stable distributions to unitholders and to achieve long-term growth in the net asset value per unit.

The registered office of the Manager is: 1 Phillip Street #15-00 Singapore 048692.

The financial statements were approved and authorised for issue by the board of directors of the Manager on 23 January 2009. The financial statements relates to First REIT and the Group.

First REIT has entered into several service agreements in relation to the management of First REIT. The fee structures of these services are as follows:

(A) Trustee's Fees

The Trustee's fees shall not exceed 0.1% per annum of the value of the Deposited Property (as defined in the Trust Deed). The actual fee payable will be determined between the Manager and the Trustee from time to time. The Trustee's fee is presently charged on a scaled basis of up to 0.03% per annum of the value of the Deposited Property, subject to a minimum sum per month. Such minimum sum does not exceed $10,000 per month during the first three years after listing date (11 December 2006) and is fixed at $10,000 per month thereafter. The Trustee's fee will be subject to review three years after listing date. For the first year and the second year, the Trustee and the Manager agreed to fix the minimum sum of the Trustee's fees for the first year and the second year at $5,000 and $7,500 per month respectively.

(B) Manager's Management Fees

Under the Trust Deed, the Manager is entitled to management fees comprising the base fee and performance fee as follows:

(i) A base fee ("Base Fee") of 0.4% per annum of the value of the Deposited Property. Any increase in the rate of the Base Fee above the permitted limit or any change in the structure of the Base Fee shall be approved by an extraordinary resolution of a meeting of Unitholders.

(ii) A performance fee ("Performance Fee") is fixed at 5.0% per annum of the Group's Net Property Income ("NPI") or the NPI of the relevant Special Purpose Companies ("SPCs") for each year. NPI in relation to a real estate in the form of land, whether directly or held by the Trustee or indirectly held by the Trustee through a SPC, and in relation to any year or part thereof, means its property income less property operating expenses for such real estate for that year or part thereof. The Manager may opt to receive the performance fee in the form of units and or cash.

1. GENERAL (CONT'D)

(B) Manager's Management Fees (Cont'd)

(iii) Manager's acquisition fee ("Acquisition Fee") is determined at 1.0% of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

(iv) The Manager is also entitled for divestment fee ("Divestment Fee") at the rate of 0.5% of value or consideration as defined in the Trust Deed for any real estate or other investments (subject to there being no double-counting).

The Group's business activities like others in many countries in the region, including Singapore, are experiencing severe economic difficulties as a consequence of the current turmoil in the world's financial markets. This has resulted in fluctuations in foreign currency exchange rates, volatile stock and commodity markets, uncertainty of the availability of bank finance to suppliers and customers and a slowdown in growth. The current financial crisis have affected, and will continue to have an adverse impact on the Group's business, financial condition, results of operations, cash flows and prospects for the foreseeable future. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the notes to the financial statements. In addition, the notes to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk. As highlighted in the notes to the financial statements, the Group meets its day to day working capital requirements through a bank facility which is due for renewal on April 2009. The current economic conditions create uncertainty particularly over the availability of bank finance in the foreseeable future. The Group's forecasts and projections, taking into account of reasonably possible changes in performance, show that the Group should be able to operate within the level of its current facility. The Group has opened renewal negotiations with the bank and has at this stage not sought any written commitment that the facility will be renewed. However, the Group has held discussion with the bank about its future borrowing needs and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The Group has considerable financial resources together with some good arrangements with the tenants and suppliers. As a consequence, the Manager believes that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as well as all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council, Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. Where presentation guidance set out in the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" is consistent with the requirements of FRS, First REIT has sought to prepare the financial statements on a basis compliant with the recommendations of RAP 7. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Accounting Convention (Cont'd)

The financial statements are presented in Singapore dollars, recorded to the nearest thousand, unless otherwise stated.

Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the balance sheet date each year of the Trust and all its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the Group presented as those of a single economic entity. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal, the attributable amount of goodwill, if any, is included in the determination of the gain or loss on disposal.

Basis of Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of any related sales taxes and discounts. Revenue from rendering of services that are of short duration is recognised when the services are completed. Revenue is recognised as follows:

<u>Rental income from operating leases</u>

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the leased term.

<u>Interest income</u>

Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Dividends income

Dividends from equity instrument are recognised as income when the entity's right to receive payment is established.

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised in the statement of return except that when they relate to items that initially bypass the statement of return and are taken to unitholders' funds, in which case they are similarly taken to unitholders' funds. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries because (a) the Trust is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. A deferred tax amount is not recognised if it arises from goodwill for which amortisation is not deductible for tax purposes. Taxes relating to items directly related to unitholders' funds in which case it is recognised in unitholders' funds.

Foreign Currency Transactions

The functional currency of First REIT is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in Singapore dollars at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the statement of return. The presentation is in the functional currency.

Translation of Financial Statements of Foreign Entities

The foreign subsidiaries determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the consolidated financial statements the assets and liabilities denominated in currencies other than the functional currency of the Group are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a Group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Trust's own separate financial statements, the investments in subsidiaries are stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business Combinations

Business combinations are accounted for by applying the purchase method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree; plus any costs directly attributable to the business combination. Any excess of the cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities so recognised is accounted for as goodwill. The excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is accounted for as "negative goodwill". The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. An impairment loss in respect of goodwill is not reversed.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

Where fair values are estimated on a provisional basis they are finalised within 12 months of acquisition with consequent changes to the amount of goodwill.

There were no business combinations and goodwill during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

Unit Based Payments

The cost is recognised as an expense when the units are issued for services. The issued capital is increased by the fair value of the transaction.

Investment Property

Investment property is property owned or held under a finance lease to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business. After initial recognition at cost including transaction costs the fair value model is used to measure the investment property at fair value on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year, not as of either a past or future date. A gain or loss arising from a change in the fair value of investment property is included in the statement of return for the period in which it arises. The revaluations are made periodically on a systematic basis at least once yearly by external independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leased Assets

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statement of return on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the statement of return as an integral part of the total lease expense. Rental income from operating leases is recognised in the statement of return on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down through the statement of return to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the statement of return unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Irrespective of whether there is any indication of impairment, goodwill (and also intangible asset not yet available for use and other indefinite life intangible assets) are tested for impairment, at least annually. Goodwill impairment is not reversed in any circumstances.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets

Initial recognition and measurement and derecognition of financial assets:

A financial asset is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through statement of return includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit and loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following four categories under FRS 39 is as follows:

#1. Financial assets at fair value through profit and loss: As at year end date there were no financial asset classified in this category.

#2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not to be classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of return. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

#3. Held-to-maturity financial assets: As at year end date there were no financial asset classified in this category.

#4. Available for sale financial assets: As at year end date there were no financial asset classified in this category.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents:

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the cash flow statement the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through statement of return includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit and loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

#1. Liabilities at fair value through profit and loss: As at year end date there were no financial liabilities classified in this category.

#2. Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

Liabilities and equity financial instruments:

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. The equity and the liability elements of compound instruments are classified separately as equity and as a liability. Equity instruments are recorded at the proceeds net of direct issue costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Guarantees

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

Fair Value of Financial Instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

Net Assets Attributable to Unitholders

Net assets attributable to unitholders represents residual interest in the net assets of the Trust. Distributions on units are recognised as liabilities when they are declared.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the statement of return in the period they occur.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Fair values of investment properties:

Certain judgements and assumptions are made in the valuation of the investment properties based calculations and these calculations require the use of estimates in relation to future cash flows and suitable discount rates as disclosed in Note 12.

Deferred tax estimation:

Management judgment is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The amounts at the end of reporting year were $23,092,000 (2007: $27,031,000) and $382,000 (2007: $382,000) for the Group and the Trust respectively.

3. RELATED PARTY TRANSACTIONS

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3. RELATED PARTY TRANSACTIONS (CONT'D)

3.1 Related companies:

There are transactions and arrangements between the Trust and members of the Group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed unless stated otherwise based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable. There were no financial guarantees issued during the year.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
The Manager				
Acquisition fee paid in relation to the purchase of investment properties	**–**	510	**–**	510
Manager's management fees expense	**2,947**	2,664	**2,947**	2,664
The parent company of The Manager				
Purchase of investment properties during the IPO exercise	**–**	182,872	**–**	–
Property rental income	**25,937**	25,654	**–**	–
The Trustee				
Trustee fees expense	**107**	120	**107**	120

The Indonesia properties are leased to a related party. The related party has provided bank guarantees of $12,989,893 (2007: $12,967,046) in lieu of the security deposits for rental income from the properties. These guarantees expire on 10 December 2009.

3.2 Key management compensation:

The Group and the Trust have no employees. All its services are provided by the Manager and others.

4. GROSS REVENUE

	Group 2008 $'000	Group 2007 $'000	Trust 2008 $'000	Trust 2007 $'000
Rental income	**29,964**	28,056	**4,027**	2,402
Interest income	**214**	230	**154**	227
Dividend income from subsidiaries	**–**	–	**19,216**	18,790
Other income	**–**	4	**–**	–
	30,178	28,290	**23,397**	21,419

5. PROPERTY OPERATING EXPENSES

	Group 2008 $'000	Group 2007 $'000	Trust 2008 $'000	Trust 2007 $'000
Repairs and maintenance	**–**	72	**–**	72
Property tax	**19**	28	**19**	28
Valuation expenses	**47**	50	**28**	22
Insurance expenses	**27**	17	**–**	–
Professional fees	**118**	66	**–**	–
Other expenses	**3**	4	**–**	–
	214	237	**47**	122

6. MANAGER'S MANAGEMENT FEES

	Group & Trust 2008 $'000	Group & Trust 2007 $'000
Base fees	**1,356**	1,273
Performance fees	**474**	696
Performance fees settled in units	**1,117**	695
	2,947	2,664

7. FINANCE COSTS

	Group & Trust 2008 $'000	Group & Trust 2007 $'000
Interest expense	**1,708**	1,306
Amortisation of borrowing costs	**140**	304
	1,848	1,610

8. OTHER EXPENSES

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Legal expenses	**345**	14	**345**	14
Tax consultation expenses	**86**	33	**86**	33
Investor relation expenses	**55**	83	**55**	83
Listing expenses	**26**	25	**26**	25
Handling and processing fees	**129**	68	**129**	68
Corporate secretarial expenses	**7**	24	**7**	24
Other expenses	**156**	211	**156**	211
Foreign exchange transaction (gains)/losses	**(204)**	28	**–**	–
	600	486	**804**	458

9. INCOME TAX

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Current tax expense	**4,748**	4,657	**–**	–
Deferred tax (credit)/expense	**(3,939)**	27,031	**–**	382
Total income tax expense	**809**	31,688	**–**	382

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2007: 18%) to profit before income tax as a result of the following differences:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Tax reconciliation:				
Total return before income tax	**23,762**	114,125	**17,644**	18,570
Income tax expense at the above rate	**4,277**	20,543	**3,176**	3,343
Non-deductible/(not liable to tax) items	**650**	225	**(2,803)**	(2,836)
Change in tax rates in different country	**(3,729)**	–	**–**	–
Effect of different tax rates in different country	**(16)**	11,045	**–**	–
Tax transparency	**(373)**	(125)	**(373)**	(125)
	809	31,688	**–**	382
Effective tax rate	**3%**	28%	**–**	21%

The amount of current income taxes outstanding for the Group as at end of year was $537,000 (2007: $2,091,000). Such an amount is net of tax advances, which, according to the tax rules, were paid before the year-end.

9. INCOME TAX (CONT'D)

Deferred tax:

The deferred tax amounts and movements in the year are as follows:

Group	Balance sheet 2008 $'000	Balance sheet 2007 $'000	Net change in statements of total return 2008 $'000	Net change in statements of total return 2007 $'000
Deferred tax liabilities:				
Deferred tax relating to the increase/(decrease) in fair value of investment properties	**23,092**	27,031	**(3,939)**	27,031

Trust	Balance sheet 2008 $'000	Balance sheet 2007 $'000	Net change in statements of total return 2008 $'000	Net change in statements of total return 2007 $'000
Deferred tax liabilities:				
Deferred tax relating to the increase/(decrease) in fair value of investment properties	**382**	382	**–**	382

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising in connection with interests in subsidiaries are insignificant.

Also see Note 11.

Taxation of Rental Income from Singapore Properties

There is a tax ruling issued by the Inland Revenue Authority of Singapore (the "IRAS") to grant tax transparency treatment on rental and other related income derived by First REIT in respect of the Singapore properties. Under this tax transparency treatment, subject to meeting the terms and conditions of the tax ruling, the Trustee is not subject to tax on such taxable income to the extent of the amount distributed to unitholders. Instead, the distributions made by First REIT out of such taxable income are subject to tax in the hands of unitholders, unless they are exempt from tax on First REIT's distributions.

For taxable income that is not distributed, tax on such amount of taxable income will be assessed on the Trustee.

Taxation of Income from Indonesia Properties

Corporate Income Tax in Indonesia

Article 3 of Indonesian Government Regulation No. 5/2002 on the payment of income tax on income from the lease of land and/or building stipulates that income tax on income received or acquired by individuals or entities from the leasing of land and/or buildings consisting of land, houses, multi-storey houses, apartments, condominiums, office buildings, office-cum-living space, shops, shop-cum-house, warehouses, and industrial space which is received or earned from a tenant acting or appointed as a Tax Withholder, is to be withheld by the tenant. The tax rate is ten percent (10%) of the gross value of the land and/or building rental and is final in nature.

9. INCOME TAX (CONT'D)

Taxation of Income from Indonesia Properties (Cont'd)

Withholding Tax in Indonesia

Under the income tax treaty between Singapore and Indonesia, the Indonesia withholding tax is capped at 10% in respect of:

(a) Dividends paid by a company resident in Indonesia to a company resident in Singapore which owns directly at least 25% of the capital of the company paying the dividends is capped at 10%.

(b) Interest paid to a resident of Singapore.

Dividends from Indonesia Subsidiaries

Dividends received by the Singapore subsidiaries of First REIT from their respective Indonesia subsidiaries are exempt from Singapore income tax under section 13(8) of the Income Tax Act provided the following conditions are met:

(a) In the year the dividends are received in Singapore, the headline corporate tax rate in the foreign country from which the dividends are received is at least 15.0%.

(b) The dividends have been subject to tax in the foreign country from which they are received.

(c) IRAS is satisfied that the tax exemption would be beneficial to the Singapore subsidiaries.

Interest Income from Indonesia Subsidiaries

Interest received by the Singapore subsidiaries of First REIT on loans extended to their respective Indonesia subsidiaries is exempt from Singapore income tax under section 13(12) of the Income Tax Act. The tax exemption under section 13(12) is granted on the condition that the full amount of remitted interest, less attributable expenses, is distributed by the Singapore subsidiaries to First REIT for onward distribution to its unitholders.

10. EARNINGS PER UNIT

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per unit of no par value:

	Group	
	2008	2007
Denominator: weighted average number of units		
Basic and diluted	**272,785,228**	271,649,158
	$'000	$'000
Numerator: earnings attributable to Unitholders		
Total return after tax	**22,953**	82,437
	Cents	Cents
Earnings per unit (in cents)		
Basic and diluted	**8.41**	30.35

Adjusted Notional Basic Earnings per Unit:

	$'000	$'000
Numerator: earnings attributable to Unitholders		
Total return after tax adjusted for change in fair value of investment properties	**19,714**	18,516
	Cents	Cents
Adjusted Notional Basic Earnings per Unit (in cents)		
Basic and diluted	**7.23**	6.82

The weighted average number of units refers to units in circulation during the financial year.

Diluted earnings per unit is the same as the basic earnings per unit as there were no dilutive instruments in issue during the financial year.

11. DISTRIBUTION PER UNIT

	Group & Trust			
	2008 Cents per unit	2007 Cents per unit	**2008 $'000**	2007 $'000
Based on the number of units in issue at the end of the financial year	**7.62**	7.09	**20,831**	19,277

Distribution Type

Name of Distribution Distribution during the period (interim distributions)

Distribution Type Income/Capital

		Cents per unit	Cents per unit	**$'000**	$'000
Distribution Rate	Taxable Income [a]:	**0.55**	0.14	**1,503**	381
	Tax-Exempt Income [b]:	**4.56**	4.58	**12,453**	12,436
	Capital [c]:	**0.57**	0.61	**1,557**	1,667
	Subtotal:	**5.68**	5.33	**15,513**	14,484

Name of Distribution Distribution declared subsequent to year end date (final distribution) (See Note 27)

Distribution Type Income/Capital

		Cents per unit	Cents per unit	**$'000**	$'000
Distribution Rate	Taxable Income [a]:	**0.18**	0.10	**493**	272
	Tax-Exempt Income [b]:	**1.57**	1.47	**4,304**	4,003
	Capital [c]:	**0.19**	0.19	**521**	518
	Subtotal:	**1.94**	1.76	**5,318**	4,793

Name of Distribution Distribution during the period (interim distributions) and distribution declared subsequent to year end date (final distribution)

Distribution Type Income/Capital

		Cents per unit	Cents per unit	**$'000**	$'000
Distribution Rate	Taxable Income [a]:	**0.73**	0.24	**1,996**	653
	Tax-Exempt Income [b]:	**6.13**	6.05	**16,757**	16,439
	Capital [c]:	**0.76**	0.80	**2,078**	2,185
	Total:	**7.62**	7.09	**20,831**	19,277

11. DISTRIBUTION PER UNIT (CONT'D)

(a) Individuals and qualifying unitholders, i.e. companies incorporated and tax resident in Singapore, Singapore branches of foreign companies that have obtained waiver from the IRAS from tax deducted at source in respect of the distributions from First REIT, and bodies of persons registered or constituted in Singapore, are entitled to gross distributions and these distributions are exempt or subject to Singapore income tax depending on the individual circumstances of the unitholders.

For distributions made to foreign non-individual unitholders, the Trustee is required to withhold tax at the rate of 10%.

For other types of unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate which is 18% for the distributions made by First REIT out of its taxable income relating to the financial year ended 31 December 2008 and 31 December 2007.

(b) Unitholders are exempt from tax on such distributions.

(c) Such distributions are treated as returns of capital for Singapore income tax purposes. 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.

Current distribution policy:

First REIT's current distribution policy is to distribute at least 90% (2007: 100%) of its taxable and tax-exempt income (after deduction of applicable expenses) and certain capital receipts. The capital receipts comprise amounts received by First REIT from redemption of redeemable preference shares in the Singapore subsidiaries.

12. INVESTMENT PROPERTIES

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
At valuation:				
Fair value at beginning of year	**325,600**	–	**53,900**	–
Additions at cost	**–**	234,648	**–**	51,775
(Decrease)/increase in fair value included in statements of total return under (decrease)/increase in fair value of investment properties	**(700)**	90,952	**–**	2,125
Fair value at end of year	**324,900**	325,600	**53,900**	53,900
Rental and service income from investment properties	**29,964**	28,056	**4,027**	2,402
Direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the year	**214**	237	**47**	122

These investment properties include the mechanical and electrical equipment located in the respective properties.

12. INVESTMENT PROPERTIES (CONT'D)

The fair value of each investment property is stated on the existing use basis to reflect the actual market state and circumstances as of the end of the reporting year and not as of either a past or future date. A gain or loss arising from a change in the fair value is recognised in the statements of total return. The fair value is determined periodically on a systematic basis at least once yearly. The fair value was based on a valuation made by Knight Frank / PT Willson Properti Advisindo and Colliers International Consultancy & Valuation (Singapore) Pte Ltd, firms of independent professional valuers, for the Indonesia and Singapore properties respectively on 26 December 2008 (2007: 26 December 2007). The valuation was based on the discounted cash flow and net income capitalisation method.

In determining the fair values, the valuers have used valuation methods that involve certain estimates. The key assumptions for the fair value calculations are as follows:

	Singapore 2008	Singapore 2007	**Indonesia 2008**	Indonesia 2007
1. Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the properties	**6.0% to 7.0%**	6.5% to 7.5%	**11.5%**	11.0%
2. Growth rates based on escalation rate in the lease agreements	**2.0%**	2.0%	**Note 1**	Note 1
3. Cash flow forecasts derived from the most recent financial budgets and plans approved by management	**10 years**	10 years	**5 years**	5 years

Note 1: The growth rate for the base rent is based on 1.71% (2007: 1.6%) of the preceding 12 months base rent and the growth rate for the variable rent is based on 0.00% to 0.75% (2007: 0.75% to 1.25%) of the tenant's gross revenue for the preceding year.

In relying on the valuation reports, the management is satisfied that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

Certain properties are mortgaged as security for the bank facilities (Note 19).

Other details on the properties are disclosed in the Statements of Portfolio.

The type title of the properties in Indonesia is Hak Guna Bangunan ("HGB"). This title gives the right to construct and own buildings on a plot of land. The right is transferable and may be encumbered. Technically, HGB is a leasehold title with the State retains "ownership". But for practical purposes, there is only little difference from a freehold title. HGB title is granted for an initial period of up to 30 years and is extendable for a subsequent 20-year period and another 30-year period. Upon the expiration of such extensions, new HGB title may be granted on the same land. The cost of extension is determined based on certain formula as stipulated by the National Land Office (Badan Pertanahan Nasional) in Indonesia. The commencement date of each title varies.

The investment properties are leased out under operating leases.

Also see Notes 3 and 26.

13. INVESTMENTS IN SUBSIDIARIES

	Trust 2008 $'000	Trust 2007 $'000
Cost at the beginning of the year	**180,683**	–
Acquisitions	**–**	182,872
Redemption of redeemable preference shares	**(2,070)**	(2,189)
Cost at the end of the year	**178,613**	180,683
Total cost comprising:		
Unquoted equity shares, at cost	**145,456**	145,456
Redeemable preference shares, at cost	**33,157**	35,227
Total at cost	**178,613**	180,683
Net book value of subsidiaries	**218,678**	215,439

The subsidiaries are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost of investments 2008 $'000	Cost of investments 2007 $'000	Effective Percentage of Equity Held by Group 2008 %	Effective Percentage of Equity Held by Group 2007 %
GOT Pte. Ltd. [(b)] Singapore Investment holding	**92,689**	93,463	**100**	100
Henley Investment Pte. Ltd. [(b)] Singapore Investment holding	**49,350**	49,978	**100**	100
Lovage International Pte. Ltd. [(b)] Singapore Investment holding	**20,235**	20,696	**100**	100
Primerich Investment Pte. Ltd. [(b)] Singapore Investment holding	**16,339**	16,546	**100**	100
PT Sentra Dinamika Perkasa [(a)] Indonesia Owners of Siloam Hospitals Lippo Karawaci	**8,779**	8,779	**100**	100
PT Graha Indah Pratama [(a)] Indonesia Owners of Siloam Hospitals Kebon Jeruk	**10,333**	10,333	**100**	100
PT Tata Prima Indah [(a)] Indonesia Owners of Siloam Hospitals Surabaya	**8,013**	8,013	**100**	100
PT Karya Sentra Sejahtera [(a)] Indonesia Owners of Imperial Aryaduta Hotel & Country Club	**20,019**	20,019	**100**	100

13. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) Audited by RSM Aryanto Amir Jusuf & Mawar (RSM AAJ Associates), member firm of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(b) Audited by RSM Chio Lim LLP in Singapore.

The redeemable preference shares are redeemable at the option of the subsidiaries.

14. TRADE AND OTHER RECEIVABLES, CURRENT

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade receivables:				
Outside party (GST)	**137**	90	**137**	90
Related party (Note 3)	**649**	648	**–**	–
Sub-Total	**786**	738	**137**	90
Other receivables:				
Subsidiaries (Notes 3 and 13)	**–**	–	**1,387**	30
Related party (Note 3)	**550**	–	**550**	–
Other receivables	**22**	70	**22**	67
Sub-Total	**572**	70	**1,959**	97
Total trade and other receivables	**1,358**	808	**2,096**	187

15. OTHER ASSETS, CURRENT

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Prepayments	**372**	360	**367**	346
Tax recoverable	**500**	499	**–**	–
	872	859	**367**	346

16. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Not restricted in use	**12,417**	13,605	**11,731**	12,694

The rate of interest for the cash on interest earning accounts ranges from 0.7% to 2.4% (2007: 2.2% to 3.2%) per annum. These approximate the effective interest rate.

16A. CASH AND CASH EQUIVALENTS IN THE CASH FLOW STATEMENT:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
As shown above	**12,417**	13,605	**11,731**	12,694

16B. NON-CASH TRANSACTIONS:

During the year, there were units issued as settlement of the performance fee element of the Manager's management fees (Note 17).

17. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Movements:				
Net assets attributable to unitholders at beginning of the year	**251,342**	–	**187,093**	–
Net proceeds from issue of units	**1,108**	183,389	**1,108**	183,389
Total Return for the financial year	**22,953**	82,437	**17,644**	18,188
Distributions	**(20,305)**	(14,484)	**(20,305)**	(14,484)
Net assets attributable to unitholders at end of the year	**255,098**	251,342	**185,540**	187,093
Units in issue (Note 18)	**273,671,344**	272,073,506	**273,671,344**	272,073,506
	Cents	Cents	**Cents**	Cents
Net assets attributable to unitholders per unit (in cents)	**93.21**	92.38	**67.80**	68.77
Adjusted notional net assets attributable to unitholders per unit (in cents) [(a)]	**68.67**	68.88	**67.16**	68.12

(a) Excludes the fair value changes on the investment properties.

At 31 December 2008, 467,222 units are issuable as settlement for 50% of the performance fee element of the Manager's management fees for the quarter ended 31 December 2008.

The issue price for determining the number of units issued and issuable as Manager's management fees is calculated based on the volume weighted average traded price for all trades done on SGX-ST in the ordinary course of trading for 10 business days immediately preceding the respective last business day of the respective quarter end date.

17. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

In year 2007, the transaction costs for the issuance of the units totalled $9,822,000. This included fees of $145,000 paid to the auditors as reporting accountants.

Each unit in First REIT represents an undivided interest in First REIT. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- receive income and other distributions attributable to the Units held;
- receive audited financial statements and the annual report of First REIT; and
- participate in the termination of First REIT by receiving a share of all net cash proceeds derived from the realisation of the assets of First REIT less any liabilities, in accordance with their proportionate interests in First REIT.

No Unitholder has a right to require that any assets of First REIT be transferred to him.

Further, Unitholders cannot give directions to the Trustee or the Manager (whether at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed or otherwise) if it would require the Trustee or the Manager to do or omit doing anything which may result in:

- First REIT ceasing to comply with applicable laws and regulations; or
- The exercise of any discretion expressly conferred on the Trustee or the Manager by the Trust Deed or the determination of any matter which, under the Trust Deed, requires the agreement of either or both of the Trustee and the Manager.

The Trust Deed contains provisions that are designed to limit the liability of a unitholder to the amount paid or payable for any unit. The provisions seek to ensure that if the issue price of the units held by a unitholder has been fully paid, no such unitholder, by reason alone of being a unitholder, will be personally liable to indemnify the Trustee or any creditor of First REIT in the event that the liabilities of First REIT exceeds its assets.

Under the Trust Deed, every unit carries the same voting rights.

The objectives when managing capital are: to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders, and to provide an adequate return to unitholders by pricing products and services commensurately with the level of risk. The Manager sets the amount of capital in proportion to risk. There were no changes in the approach to capital management during the year. The Manager manages the capital structure and makes adjustments to it where necessary if possible in the light of changes in economic conditions and the risk characteristics of the underlying assets. Also see Note 11 on distribution policy.

The Group's long-term policy is that net debt should be in the low range of the amount in balance sheet. This policy aims to ensure that the Group both maintains a good credit rating and lowers its net of tax weighted average cost of capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. issued equity and retained earnings).

17. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONT'D)

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Net debt:				
All current and non- current borrowings including finance leases	**50,773**	50,633	**50,773**	50,633
Less: cash and cash equivalents	**(12,417)**	(13,605)	**(11,731)**	(12,694)
Net debt	**38,356**	37,028	**39,042**	37,939
Net capital:				
Issued equity	**180,756**	181,722	**180,756**	181,722
Retained earnings	**74,342**	69,620	**4,784**	5,371
Net capital	**255,098**	251,342	**185,540**	187,093
Debt-to-adjusted capital ratio	**15.04%**	14.73%	**21.04%**	20.28%

The only externally imposed capital requirement is that for the Group to maintain its listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") it has to have issued equity with a free float of at least 10% of the units. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the SGX-ST 10% limit throughout the year.

In accordance with the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the total borrowings and deferred payments of the Group should not exceed 35% of the Group's deposited property. The aggregate leverage of the Group may exceed 35% of the Group's deposited property (up to a maximum of 60%) only if the credit rating of the Group is obtained and disclosed to the public. The Group met the aggregate leverage ratio as at the end of the financial year.

18. UNITS IN ISSUE

	Group & Trust	
	2008	2007
Units at beginning of the financial year	**272,073,506**	–
Units created in the IPO exercise	**–**	271,400,000
Manager's Management Fees Settled in Units	**1,597,838**	673,506
Units at end of the financial year	**273,671,344**	272,073,506

19. OTHER FINANCIAL LIABILITIES

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Non-current:				
Bank loans (secured)	**–**	50,633	**–**	50,633
Non-current, total	**–**	50,633	**–**	50,633
Current:				
Bank loans (secured)	**50,773**	–	**50,773**	–
Current, total	**50,773**	–	**50,773**	–
Total	**50,773**	50,633	**50,773**	50,633
Fair value	**50,808**	50,808	**50,808**	50,808
Percentage of fair value of borrowings to net asset value	**19.92%**	20.21%	**27.38%**	27.16%

The above bank loans are repayable after two years from the date of drawdown. The earliest maturity date will be in April 2009.

All the amounts are at floating interest rates.

The range of floating interest rates per annum for the above borrowings is from 2.8% to 4.3% (2007: 3.5% to 4.5%) per annum.

The bank loan agreement provides among other matters for the following:-

1) First legal mortgage over the Indonesian properties, namely:
   a) Siloam Hospitals Lippo Karawaci
   b) Siloam Hospitals Kebon Jeruk
   c) Siloam Hospitals Surabaya
   d) Imperial Aryaduta Hotel & Country Club

2) First legal mortgage over the Singapore properties, namely:
   a) Pacific Healthcare Nursing Home @ Bukit Merah
   b) Pacific Healthcare Nursing Home II @ Bukit Panjang
   c) Adam Road Hospital

3) Assignment of all of the Group's rights, titles, interest and benefits under any leases, tenancies, sales proceeds and cash flow in respect of the Indonesian properties and the related Singapore properties.

4) Assignment of all of the Group's rights, titles and interests under the insurance policies in respect of the Indonesian properties and the related Singapore properties, with the Bank named as "loss payee".

19. OTHER FINANCIAL LIABILITIES (CONT'D)

5) A debenture containing first fixed and floating charges over all assets and undertakings of the Trust's Singapore subsidiaries.

6) Equitable charge of all of the Trust's shares in the Singapore subsidiaries.

7) Charge of all of the Singapore subsidiaries' shares in the Indonesia subsidiaries.

8) A debenture by the Group covering first fixed and floating charges over all assets and undertakings in respect of the related Singapore properties.

There are undrawn borrowing facilities of approximately $Nil (2007: $39,000,000) which may be used only for future acquisition of properties.

20. TRADE AND OTHER PAYABLES, CURRENT

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Trade payables:				
Outside parties and accrued liabilities	**1,357**	1,672	**579**	634
Related parties (Note 3)	**402**	450	**402**	450
Sub-total	**1,759**	2,122	**981**	1,084
Other payables:				
Subsidiary (Notes 3 and 13)	**–**	–	**6,345**	6,009
Related party (Note 3)	**52**	52	**–**	–
Other payables	**550**	–	**–**	–
Sub-total	**602**	52	**6,345**	6,009
Total trade and other payables	**2,361**	2,174	**7,326**	7,093

21. OTHER LIABILITIES, CURRENT

	Group		Trust	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
Deferred income	**5,128**	5,117	**128**	125
Security deposit	**2,558**	2,484	**2,558**	2,484
	7,686	7,601	**2,686**	2,609

22. 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 area.

The geographical segment represents the Group's distinguishable components which provide products or services within a particular economic environment (location) and this component contains risks and returns that are different from those components which operate in other economic environments (locations).

	Indonesia 2008 $'000	Singapore 2008 $'000	Total 2008 $'000
Assets and liabilities			
Segment assets including properties	**272,788**	**66,759**	**339,547**
Total assets			**339,547**
Segment liabilities	**29,552**	**54,897**	**84,449**
Total liabilities			**84,449**
Property income and expenses			
Segment gross revenue	**25,998**	**4,180**	**30,178**
Total gross revenue			**30,178**
Segment net property income	**25,888**	**4,076**	**29,964**
Total net property income			**29,964**
Manager's management fees			**(2,947)**
Trustee fees			**(107)**
Finance costs			**(1,848)**
Other trust expenses			**(600)**
Net income			**24,462**
Decrease in fair value of investment properties	**(700)**	**–**	**(700)**
Income tax	**1,333**	**(2,142)**	**(809)**
Total return for the year after tax			**22,953**

22. SEGMENT REPORTING (CONT'D)

	Indonesia 2007 $'000	Singapore 2007 $'000	Total 2007 $'000
Assets and liabilities			
Segment assets including properties	273,722	67,150	340,872
Total assets			340,872
Segment liabilities	34,763	54,767	89,530
Total liabilities			89,530
Property income and expenses			
Segment gross revenue	25,662	2,628	28,290
Total gross revenue			28,290
Segment net property income	25,581	2,472	28,053
Total net property income			28,053
Manager's management fees			(2,664)
Trustee fees			(120)
Finance costs			(1,610)
Other trust expenses			(486)
Net income			23,173
Increase in fair value of investment properties	88,827	2,125	90,952
Income tax	(31,306)	(382)	(31,688)
Total return for the year after tax			82,437

23. FINANCIAL RATIOS

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Expenses to average net assets (1)				
– expense ratio excluding performance-related fee	**0.90%**	0.76%	**1.22%**	1.00%
– expense ratio including performance-related fee	**1.52%**	1.33%	**2.07%**	1.75%
Portfolio turnover rate (2)	**–**	–	**–**	–

(1) The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group and Trust level, excluding interest expenses, foreign exchange losses, tax deducted at source and costs associated with the purchase of investments.

(2) The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group and the Trust expressed as a percentage of daily average net asset value. All the investment properties were purchased in year 2007.

In addition, the Manager has given an undertaking to the SGX-ST that for so long as it remains the Manager of First REIT and PT Lippo Karawaci Tbk in Indonesia and/or any of its related corporations remains a controlling shareholder of the Manager, it will disclose the Rent/EBITDA ratio of the Indonesia properties in its annual report issued to unitholders. The EBITDA is calculated before any rental expense. The Rent/EBITDA ratio for the Indonesia properties for the year ended 31 December 2008 and 31 December 2007 are approximately 56.54% and 59.24% respectively.

24. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

24A. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Financial assets:				
Cash and cash equivalents	**12,417**	13,605	**11,731**	12,694
Loans and receivables	**1,358**	808	**2,096**	187
At end of year	**13,775**	14,413	**13,827**	12,881
Financial liabilities:				
Measured at amortised cost:				
– Borrowings	**50,773**	50,633	**50,773**	50,633
– Trade and other payables	**2,361**	2,174	**7,326**	7,093
At end of year	**53,134**	52,807	**58,099**	57,726

Further quantitative disclosures are included throughout these financial statements.

24B. FINANCIAL RISK MANAGEMENT

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There is exposure to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. The Group has certain strategies for the management of financial risks and action to be taken in order to manage the financial risks. However these are not documented in formal written form. The following guidelines are followed:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following the good market practices.

The chief financial officer of the Manager who monitors the procedures reports to the board of directors of the Manager.

24C. CREDIT RISK ON FINANCIAL ASSETS

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are banks with acceptable credit ratings. All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables, an ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the statement of total return. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There was minimal risk at the end of the year.

24D. LIQUIDITY RISK

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Borrowings 2008 $'000	Trade and other payables 2008 $'000	Total 2008 $'000
Group			
Less than 1 year	**50,773**	**2,361**	**53,134**
1 – 3 years	**–**	**–**	**–**
At end of year	**50,773**	**2,361**	**53,134**
Trust			
Less than 1 year	**50,773**	**7,326**	**58,099**
1 – 3 years	**–**	**–**	**–**
At end of year	**50,773**	**7,326**	**58,099**

	2007 $'000	2007 $'000	2007 $'000
Group			
Less than 1 year	–	2,174	2,174
1 – 3 years	50,633	–	50,633
At end of year	50,633	2,174	52,807
Trust			
Less than 1 year	–	7,093	7,093
1 – 3 years	50,633	–	50,633
At end of year	50,633	7,093	57,726

The average credit period taken to settle trade payables is about 30 days (2007: 30 days). The other payables are with short-term durations.

It is expected that all the liabilities will be paid at their contractual maturity. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations.

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the forecasted operations. A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to the management to assist them in monitoring the liquidity risk.

The Manager also monitors and observes the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore concerning limits on total borrowings.

24E. INTEREST RATE RISK

The following table analyses the breakdown by type of interest rate:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Financial assets:				
Fixed rate	**12,417**	13,605	**11,731**	12,694
Non-interest bearing	**1,358**	808	**2,096**	187
At end of year	**13,775**	14,413	**13,827**	12,881
Financial liabilities:				
Floating rate	**50,773**	50,633	**50,773**	50,633
Non-interest bearing	**2,361**	2,174	**7,326**	7,093
At end of year	**53,134**	52,807	**58,099**	57,726

Sensitivity analysis:	Group & Trust	
	2008	2007
	$'000	$'000
A hypothetical increase in interest rates by 50 basis points would have an adverse effect on total return before tax of	**254**	177
A hypothetical increase in interest rates by 100 basis points would have an adverse effect on total return before tax of	**508**	355
A hypothetical increase in interest rates by 150 basis points would have an adverse effect on total return before tax of	**762**	532
A hypothetical increase in interest rates by 200 basis points would have an adverse effect on total return before tax of	**1,016**	710

24F. FOREIGN CURRENCY RISKS

There is exposure to foreign currency risk as part of its normal business. However during the year all the contracts were denominated in Singapore dollars.

25. CAPITAL COMMITMENTS

On 8 September 2008, First REIT signed a put and call option agreement to purchase a healthcare logistics and distribution centre in Singapore for a total purchase consideration of $42.0 million. This proposed acquisition is subject to final valuation and unitholders' approval. The sale and leaseback agreement was entered into with the Vendor – Tech-Link Storage Engineering Pte Ltd ("Tech-Link"). Upon completion of the acquisition, First REIT will lease the property to Tech-Link for six years at a commencement rental income of approximately $3.2 million per annum with a built-in annual rental escalation. There is also an option for Tech-Link to renew the lease for another seven years.

There were few Memorandum of Understanding ("MOUs") entered into in 2007. There has been no progress on these MOUs.

26. OPERATING LEASE INCOME COMMITMENTS

At the end of reporting year, the total of future minimum lease receivables under non-cancellable operating leases are as follows:

	Group		Trust	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
Not later than one year	**30,086**	29,960	**4,107**	4,026
Later than one year and not later than five years	**121,183**	120,662	**17,264**	16,926
More than five years	**223,598**	253,612	**15,760**	20,205
Rental income for the year	**29,964**	28,056	**4,027**	2,402

The Group and Trust have entered into commercial property leases for healthcare and/or healthcare related buildings. These non-cancellable leases have remaining non-cancellable lease terms of between 9 to 14 years (2007: 10 to 15 years).

Generally, the lease agreements provide that the lessees pay rent on a quarterly basis in advance, which rent shall comprise: (a) an annual base rent for the first year of each lease and (b) a variable rent. The base rent is subject to increase every year thereafter at a rate equal to the agreed number of times the percentage increase of the consumer price index of Singapore for the preceding calendar year, subject to a floor of zero % and a cap of an agreed percentage. The variable rent is calculated based on a percentage of the growth of the lessee gross revenue in the preceding calendar year. No variable rent is included in the above amounts.

One of the tenants in Singapore also provided a bank guarantee in lieu of the security deposits of $1,248,000 (2007: $1,248,000) for rental income from one of the Singapore properties. Also see Note 3.

27. EVENTS AFTER THE END OF THE REPORTING YEAR

On 22 January 2009, a final distribution of 1.94 cents per unit was declared totalling $5,318,000 in respect of the quarter ended 31 December 2008.

On 23 January 2009, 467,222 new units were issued at the issue price of 40.09 cents per unit as payment to the Manager for management fee for the quarter ended 31 December 2008. The issue price was based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the quarter.

28. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARD

For the year ended 31 December 2008, the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any material modification of the measurement method or the presentation in the financial statements.

FRS No.	Title
INT FRS 111	FRS102 – Group and Treasury Share Transactions*
INT FRS 112	Service Concessions Arrangements
INT FRS 114	FRS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

* Not relevant to the entity.

29. FUTURE CHANGES IN FINANCIAL REPORTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates are not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	(Revised) Presentation of Financial Statements	1.1.2009
FRS 23	Borrowing Costs	1.1.2009
FRS 103	(Revised) Business Combinations and consecutive amendments in other Standards	1.1.2009
FRS 108	Operating Segments	1.1.2009
INT FRS 113	Customer Loyalty Programs*	1.7.2008
INT FRS 116	Hedges of a Net Investment in a Foreign Operation*	1.10.2008

* Not relevant to the entity.

30. COMPARATIVE FIGURES

The financial statements for 2007 cover the financial year since constitution of the Trust on 19 October 2006 to 31 December 2007. The financial statements for 2008 cover twelve months ended 31 December 2008. Therefore, the comparative amounts for the income statement, statement of changes in equity, cash flow statement and related notes are not entirely comparable.

STATISTICS OF UNITHOLDINGS

As at 3 March 2009

ISSUED UNITS

There were 274,138,566 Units (voting rights: one vote per Unit) issued in First REIT as at 3 March 2009.

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	Number of Unitholders	%	Number of Units	%
1 – 999	2	0.06	650	0.00
1,000 – 10,000	2,442	69.12	9,926,899	3.62
10,001 – 1,000,000	1,073	30.37	58,468,451	21.33
1,000,001 and above	16	0.45	205,742,566	75.05
TOTAL	**3,533**	**100.00**	**274,138,566**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name of Unitholders	Number of Units	%
1.	OCBC Securities Private Ltd	81,654,000	29.79
2.	Amfraser Securities Pte. Ltd.	35,719,500	13.03
3.	HSBC (Singapore) Nominees Pte Ltd	35,105,500	12.81
4.	DBS Nominees Pte Ltd	11,890,000	4.34
5.	UOB Kay Hian Pte Ltd	8,376,000	3.06
6.	United Overseas Bank Nominees Pte Ltd	5,453,000	1.99
7.	Citibank Nominees Singapore Pte Ltd	5,355,000	1.95
8.	Prima Portfolio Pte Ltd	3,936,000	1.44
9.	ING Nominees (Singapore) Pte Ltd	3,763,000	1.37
10.	Ng Ban Hock	3,500,000	1.28
11.	Bowsprit Capital Corporation Limited	2,738,566	1.00
12.	Kim Eng Securities Pte. Ltd.	2,279,000	0.83
13.	Phillip Securities Pte Ltd	2,056,000	0.75
14.	OCBC Nominees Singapore Pte Ltd	1,485,000	0.54
15.	Hong Leong Finance Nominees Pte Ltd	1,342,000	0.49
16.	Atma Singh s/o Nand Singh	1,090,000	0.40
17.	BMT A/c Estate of Mse Angullia (Wakaff) Clause 7 Trust	1,000,000	0.36
18.	The Straits Times Press Co-Operative Thrift & Loan Society Ltd	1,000,000	0.36
19.	Ong Fook Thim	800,000	0.29
20.	British & Malayan Trustees Ltd	792,000	0.29
	TOTAL	**209,334,566**	**76.37**

SUBSTANTIAL UNITHOLDERS

(As recorded in the Register of Substantial Unitholders as at 3 March 2009)

	No. of Units Direct Interest	No. of Units Deemed Interest
1. Bridgewater International Ltd	55,000,000	–
2. PT Lippo Karawaci Tbk [1]	–	55,000,000
3. Golden Rainbow International Limited	25,000,000	–
4. Raiffeisin Zentralbank Osterreich AG [2]	–	25,000,000
5. CIM Investment Management Limited [3]	–	16,100,000
6. James Morton [4]	–	16,100,000

Notes:

1. PT. Lippo Karawaci Tbk is deemed to be interested in 55,000,000 Units held by its indirect wholly owned subsidiary, Bridgewater International Ltd.
2. Raiffeisin Zentralbank Osterreich AG is deemed to be interested in 25,000,000 Units held by its wholly owned subsidiary, Golden Rainbow International Limited.
3. CIM Investment Management Limited is deemed to be interested in the Units held by Perinvest Dividend Equity Fund Ltd., Platinum Global Dividend Fund Ltd. and Bahraini Saudi Bank ("the Funds") by virtue of Section 4 of the Securities and Futures Act (Cap. 289).
4. James Morton is deemed to be interested in the Units held by the Funds by virtue of his control over CIM Investment Management Limited whose deemed interest is as mentioned above.

MANAGER'S DIRECTORS' UNITHOLDINGS

(As recorded in the Register of Directors' Unitholdings as at 21 January 2009)

	No. of Units Direct Interest	No. of Units Deemed Interest
1. Albert Saychuan Cheok	100,000	–
2. Dr Ronnie Tan Keh Poo @ Tan Kay Poo [1]	645,000	201,000

Note:

1. Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in 114,000 Units held by his nominee, OCBC Nominees Singapore Pte Ltd. He is also deemed to be interested in 87,000 Units held by OCBC Nominees Singapore Pte Ltd, as the nominee of his spouse Mdm Law Deborah.

FREE FLOAT

Based on the information made available to the Manager as at 3 March 2009, approximately 64.59% of the Units in First REIT are held in hands of the Public. Under Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities are at all times held by the Public.

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Equal Brand Design

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

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Bowsprit Capital

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