

**FIRST REAL ESTATE INVESTMENT TRUST
2008 THIRD QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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

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 Singapore and Indonesia, namely 1) Adam Road Hospital, 2) The Lentor Residence, 3) Pacific Healthcare Nursing Home @ Bukit Merah, 4) Pacific Healthcare Nursing Home @ Senja, 5) Siloam Hospitals Lippo Karawaci, 6) Siloam Hospitals West Jakarta, 7) Siloam Hospitals Surabaya, and 8) Imperial Aryaduta Hotel & Country Club.

First REIT's 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 Adam Road Hospital, Pacific Healthcare Nursing Home @ Bukit Merah, and Senja are operated by associates of Pacific Healthcare Holdings Ltd while The Lentor Residence is operated by First Lentor Residence Pte Ltd.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector.

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Summary of First REIT's results

	Group					
	Quarter			Year-to-date		
	3Q 2008	3Q 2007	Change	30 Sep 2008	30 Sep 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Gross Revenue	7,606	7,083	7.4%	22,598	19,646	15.0%
Net Property Income	7,557	6,997	8.0%	22,455	19,465	15.4%
Distributable Amount	5,263	4,683	12.4%	15,525	13,532	14.7%
Distribution per unit (cts)	1.92	1.72	11.6%	5.68	4.97	14.3%
Annualised distribution per unit (cts)	7.60	6.73*	12.9%	7.60	6.73*	12.9%

*Actual paid for FY 2007

1(a)(i) Statement of Total Return

	Group					
	Quarter			Year-to-date		
	3Q 2008	3Q 2007	Change	30 Sep 2008	30 Sep 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue (Note A)	7,606	7,083	7.4%	22,598	19,646	15.0%
Direct operating expenses	(49)	(86)	(43.0%)	(143)	(181)	(21.0%)
Net property income	7,557	6,997	8.0%	22,455	19,465	15.4%
Manager's management fees	(776)	(672)	15.5%	(2,252)	(1,847)	21.9%
Trustee fees	(27)	(24)	12.5%	(80)	(66)	21.2%
Finance costs	(407)	(538)	(24.3%)	(1,320)	(840)	57.1%
Other expenses	(172)	(232)	(25.9%)	(481)	(472)	1.9%
Total return for the period before income tax	6,175	5,531	11.6%	18,322	16,240	12.8%
Income tax for the period	(1,293)	(1,102)	17.3%	(3,743)	(3,271)	14.4%
Total return for the period after income tax	4,882	4,429	10.2%	14,579	12,969	12.4%

Note A:

Gross Revenue

Rental income

Interest income

	3Q 2008	3Q 2007	Change	30 Sep 2008	30 Sep 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Rental income	7,558	7,023	7.6%	22,400	19,471	15.0%
Interest income	48	60	(20.0%)	198	175	13.1%
	7,606	7,083	7.4%	22,598	19,646	15.0%

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1(a)(ii) Statement of Distribution

	Group					
	Quarter			Year-to-date		
	3Q 2008	3Q 2007	Change	30 Sep 2008	30 Sep 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Total return for the period after tax	4,882	4,429	10.2%	14,579	12,969	12.4%
Add back /(less) non-cash items:						
- Management fees payable in units	375	173	116.8%	929	482	92.7%
- Other adjustments	6	81	(92.6%)	17	81	(79.0%)
Total distribution to Unitholders	5,263	4,683	12.4%	15,525	13,532	14.7%
Unitholders' distribution:						
- as distributions from operations	4,741	4,161	13.9%	13,977	11,984	16.6%
- as distribution of Unitholders' capital contribution	522	522	-	1,548	1,548	-
Total Unitholders' distribution	5,263	4,683	12.4%	15,525	13,532	14.7%

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1(b)(i) Balance Sheets

	Group		Trust	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Assets				
Non-current Assets				
Investment properties	325,600	325,600	53,900	53,900
Investment in subsidiaries	-	-	179,135	180,683
Total non-current assets	325,600	325,600	233,035	234,583
Current Assets				
Trade and other receivables, current	688	808	62	187
Other assets, current	957	859	459	346
Cash and cash equivalents	13,706	13,605	12,293	12,694
Total current assets	15,351	15,272	12,814	13,227
Total Assets	340,951	340,872	245,849	247,810
Unitholders' funds and liabilities				
Unitholders' fund				
Issued equity	180,908	181,722	180,908	181,722
Retained earnings	70,695	69,620	4,897	5,371
Total Unitholders' funds	251,603	251,342	185,805	187,093
Non-current liabilities				
Other financial liabilities, Non-current (Note 1)	-	50,633	-	50,633
Deferred tax liabilities	27,031	27,031	382	382
Total non-current liabilities	27,031	77,664	382	51,015
Current liabilities				
Income tax payable	1,118	2,091	-	-
Trade and other payable, current	5,305	4,658	8,813	9,577
Other liabilities, current	5,181	5,117	136	125
Other financial liabilities, current (Note 1)	50,713	-	50,713	-
Total current liabilities	62,317	11,866	59,662	9,702
Total liabilities	89,348	89,530	60,044	60,717
Total Unitholders' funds and liabilities	340,951	340,872	245,849	247,810

Note :

- Other financial liabilities, Non-current have been reclassified to Other financial liabilities, current as the borrowings which are secured by all assets relating to First REIT's investment properties (except for the Lantor Residence) will mature in April 2009. The Group is expected to refinance the Other financial liabilities, current with longer term borrowings.

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1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Secured Borrowings				
Amount Repayable after one year	-	50,808	-	50,808
Less: Transaction costs in relation to Trust Term Loan Facility	-	(175)	-	(175)
Total Borrowings	-	50,633	-	50,633
Amount Repayable within one year	50,808	-	50,808	-
Less: Transaction costs in relation to Trust Term Loan Facility	(95)	-	(95)	-
Total Borrowings	50,713	-	50,713	-

Note: The Borrowings is secured against all assets relating to First REIT's investment properties (except for the Lantor Residence).

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1(c) Statement of Consolidated Cash Flow

	Group	
	3Q 2008	3Q 2007
	Note	\$'000
Cash flows from operating activities		
Total return before tax	6,175	5,531
Adjustments for:		
Interest income	(48)	(60)
Interest expense	381	511
Manager's management fees settled in units	371	161
Operating cash flows before changes in working capital	6,879	6,143
Trade and other receivables	53	(556)
Other assets, current	(193)	86
Trade and other payables	711	1,156
Other liabilities, current	(60)	(154)
Net cash flows from operating activities before income tax	7,390	6,675
Income tax paid	1 (3,421)	(586)
Net cash from operating activities	3,969	6,089
Cash flows from investing activities		
Acquisition of Investment Properties	2 -	(15,101)
Interest received	72	53
Net cash from/(Used in) investing activities	72	(15,048)
Cash flows from financing activities		
Increase in Borrowings	3 -	14,872
Interest paid	(361)	-
Distribution to the Unitholders	(5,216)	(4,486)
Net cash used in financing activities	(5,577)	10,386
Net(Decrease)/ Increase in Cash and Cash equivalent	(1,536)	1,427
Cash and Cash equivalents at beginning of the period	15,242	11,088
Cash and Cash equivalents at end of the period	13,706	12,515

Note :

1. The increase in income taxes paid in 3Q 2008 relates to the withholding taxes paid for the dividends declared by Indonesian SPCs to the Singapore SPCs.
2. The acquisition of investment property for 3Q 2007 relates to the Group's acquisition in Adam Road Hospital.
3. The increase in borrowings for 3Q 2007 relates to the Group drawdown in banking facility to finance the above acquisition.

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1(d)(i) Statement of changes in Unitholders' funds

	Issued Equity	Retained Earnings	Total
	\$'000	\$'000	\$'000
Group			
Opening balance as at 1 Jul 2008	181,056	70,510	251,566
Total return for the current period	-	4,882	4,882
Total recognised income for the period	-	4,882	4,882
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	371	-	371
Distribution to Unitholders	(519)	(4,697)	(5,216)
Closing balance as at 30 Sep 2008	180,908	70,695	251,603
Opening balance as at 1 Jul 2007	182,527	56,551	239,078
Total return for the current period	-	4,429	4,429
Total recognised income for the period	-	4,429	4,429
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	161	-	161
Distribution to Unitholders	(516)	(3,970)	(4,486)
Closing balance as at 30 Sep 2007	182,172	57,010	239,182
Trust			
Opening balance as at 1 Jul 2008	181,056	5,234	186,290
Total return for the current period	-	4,360	4,360
Total recognised income for the period	-	4,360	4,360
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	371	-	371
Distribution to Unitholders	(519)	(4,697)	(5,216)
Closing balance as at 30 Sep 2008	180,908	4,897	185,805
Opening balance as at 1 Jul 2007	182,527	2,371	184,898
Total return for the current period	-	3,395	3,395
Total recognised income for the period	-	3,395	3,395
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	161	-	161
Distribution to Unitholders	(516)	(3,970)	(4,486)
Closing balance as at 30 Sep 2007	182,172	1,796	183,968

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

	Trust	
	3Q 2008	3Q 2007
Balance at beginning of period	272,565,915	271,645,926
Unitholder's transactions		
Issuance of new units	514,351	198,338
Issued units at end of period	273,080,266	271,844,264
New units to be issued		
- Manager's management fees payable in units	591,078	229,242
Total issued and issuable units	273,671,344	272,037,506

2. Whether the figures have been audited or reviewed, and in accordance with which quantity standard practice

The figures have not been audited nor reviewed by our auditors.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable

4. Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been complied

The accounting policies and method of computation applied in the financial statement for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Not applicable

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

	Group	
	3Q 2008	3Q 2007
Weighted average number of units in issue	272,929,315	271,779,589
Earnings per unit in cents (EPU)		
Basic and fully diluted basis	1.79	1.63
Number of units in issue	273,080,266	271,844,264
Distribution per unit in cents (DPU)		
Based on the number of units in issue at the end of the period	1.92	1.72

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

	Group		Trust	
	30 Sep 2008	31 Dec 2007	30 Sep 2008	31 Dec 2007
Net asset value per unit (cents)	92.14	92.38	68.04	68.77

8. Review of the performance

Gross revenue for 3Q 2008 increased by \$523,000 or 7.4% compared to 3Q 2007. The increase was largely due to increased rental from the Group’s four Indonesian properties acquired in 2006 and the rentals received from the four Singaporean properties newly acquired in 2007.

Management fees for 3Q 2008 increased by \$104,000 or 15.5% compared to 3Q 2007 mainly due to increase in rental income as well as increase in the value of the Group’s properties.

Finance costs for 3Q 2008 decreased by \$131,000 or 24.3% compared to 3Q 2007 largely due to the lower interest rate in 3Q 2008.

Total return for 3Q 2008 after tax compared to 3Q 2007 increased by 10.2%, from \$4,429,000 to \$4,882,000, mainly due to the increase in rental income partly offset by increase in management fees.

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

First REIT has not disclosed any forecast to the market.

10. Commentary on the competitive conditions of the industry

In spite of the current economic uncertainties globally, First REIT remains optimistic that demand for quality healthcare will continue to grow in the region. First REIT’s revenues are derived from long-term leases denominated in Singapore dollars with no currency risk and no provision for downward revision in rentals.

The REIT has been paying stable distributions since its IPO in December 2006.

Going forward, First REIT which rides on the resilient healthcare sector, will continue to focus on improving the income generating capacity of its existing healthcare properties through asset enhancement initiatives and working with its tenants to continually upgrade healthcare services. Amongst its Indonesian assets for example, its sponsor PT. Lippo Karawaci Tbk has been executing a long-term growth plan to expand and enhance services offered by the Siloam Group of hospitals so as to grow patient volume and revenue.

In Singapore, First REIT is also concluding its plans to enhance the Adam Road Hospital to its maximum plot ratio.

First REIT will continue to exercise prudence in assessing the attractiveness, timing and sequence of future acquisitions. Although First REIT’s debt-to-property valuation ratio remains relatively low at 15.6%, giving it ample headroom for further acquisitions, the REIT will continue to be selective in its acquisitions to ensure that its portfolio consists of only quality and good-yielding healthcare assets that will provide long-term, consistent and sustainable returns to Unitholders.

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Outlook for 2008

The Manager expects First REIT to continue to perform well for the rest of the financial year ending 31 December 2008 because of its stable revenue from long-term rental leases which are all denominated in Singapore dollars.

11. Distributions

11(a) Current financial period reported on

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution Distribution for the period from 1 July 2008 to 30 September 2008

i. Distribution Type Income / Capital

Distribution Rate Taxable Income: 0.29 cents per unit

Tax-Exempt Income: 1.44 cents per unit

Capital: 0.19 cents per unit

Tax Rate

Taxable Income Distribution

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

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

All other investors will receive their distributions after deduction of tax at the rate of 18%.

Tax-Exempt Income Distribution

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

Capital Distribution

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

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11(b) Corresponding period of the immediately preceding period

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

Distribution Type

Name of Distribution Distribution for the period from 1 July 2007 to 30 September 2007

i. Distribution Type Income / Capital

Distribution Rate Taxable Income: 0.10 cents per unit

Tax-Exempt Income: 1.43 cents per unit

Capital: 0.19 cents per unit

Tax Rate

Taxable Income Distribution

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

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

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Tax-Exempt Income Distribution

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

Capital Distribution

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

11(c) Book closure date: The Transfer Books and Register of First Real Estate Investment Trust will be closed from 5.00p.m. on 31 October 2008 for the purposes of determining each Unitholder's entitlement to First REIT's distribution.

11(d) Date Payable : 28 November 2008

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

Not applicable.

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

The Manager hereby certifies that in relation to the distribution to the unitholders of First REIT for the quarter ended 30 September 2008:

1. First REIT will declare a distribution ("Distribution") in excess of its profits (defined as the total return for the period before distribution for the purpose of this certification). The excess is attributed to capital receipts comprising amounts received by First REIT from the redemption of redeemable preference shares in the Singapore special purpose companies ("SPCs").
2. The Manager is satisfied on reasonable grounds that, immediately after making the Distribution, First REIT will be able to fulfill, from its deposited properties, its liabilities as they fall due.

First REIT's current distribution policy is to distribute at least 90.0% of its tax-exempt income (after deduction of applicable expenses) and capital receipts.

14. Confirmation by the Board pursuant to Rule 705(4) of the Listing Manual

The Board of Directors of Bowsprit Capital Corporation Limited do hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material respect.

BY ORDER OF THE BOARD OF
BOWSPRIT CAPITAL CORPORATION LIMITED
(AS MANAGER OF FIRST REAL ESTATE INVESTMENT TRUST)

Dr Ronnie Tan Keh Poo @ Tan Kay Poo
Chief Executive Officer
21 October 2008

** This announcement has been prepared and released by Bowsprit Capital Corporation Limited as Manager of First Real Estate Investment Trust. Merrill Lynch (Singapore) Pte. Ltd. and Oversea-Chinese Banking Corporation Limited, in their capacity as joint lead managers and underwriters to the IPO ("IPO Underwriters"), are not required to and have not been involved in the preparation or release of this announcement and have not verified the accuracy, completeness or adequacy of the information contained herein. The IPO Underwriters do not accept any responsibility for, and disclaim any liability with respect to, the accuracy, completeness or adequacy of the information contained in this announcement or incorporated by reference herein.*