
**FIRST REAL ESTATE INVESTMENT TRUST
2007 THIRD QUARTER UNAUDITED FINANCIAL STATEMENT & DISTRIBUTION ANNOUNCEMENT**

INTRODUCTION

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's objective is to invest primarily in healthcare and/or healthcare-related assets in Asia. The initial portfolio consists of four properties in Indonesia.

First REIT's current distribution policy is to distribute 100.0% of its taxable income, tax-exempt income (after deduction of applicable expenses) and capital receipts, for the period commencing from Listing Date to 31 December 2007 and thereafter at least 90% of its taxable income, tax-exempt income (after deduction of applicable expenses) and capital receipts. The taxable income comprises rental and other related income derived from the Singapore properties acquired in April 2007, June 2007, and July 2007. The tax-exempt income comprises dividends received or receivable from the Singapore SPCs, which are ultimately paid out of income derived from the Indonesian SPCs from the leasing of the Properties under the Master Lease Agreements to the Master Lessee. The capital receipts comprise amounts received by First REIT from the redemption of redeemable preference shares in the Singapore SPCs.

The first interim financial period of First REIT is from 19 October 2006 to 31 March 2007.

COMPARATIVES

There are no comparatives for the corresponding period of the immediately preceding financial year or as at the end of the immediately preceding financial year. As disclosed in the Prospectus, no pro forma consolidated statement of total return, consolidated balance sheet and consolidated statement of cash flows to show the pro forma historical performance of First REIT have been prepared as:

- It will not be meaningful to include the pro forma financial statements because the Properties will be acquired by First REIT by way of sale and leaseback transactions with the Sponsor; and
- If pro forma financial statements are to be provided, they will be calculated based on the same rentals and other terms used to calculate the profit forecast and profit projection of First REIT as set out in the Prospectus. The result will be a set of pro forma financial statements which appears to be similar to such profit forecast and profit projection, and which will not provide to a potential investor reading the pro forma financial statements any additional information which is not already in the Prospectus.

For the reasons stated above, the SGX-ST has granted First REIT a waiver from the requirement to prepare the historical pro forma financial information.

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Summary of First REIT Result

	Actual 1-Jul-07 30-Sep-07 \$'000	Forecast 1-Jul-07 30-Sep-07 \$'000	Change %	Actual 1-Jan-07 30-Sep-07 \$'000	Forecast 1-Jan-07 30-Sep-07 \$'000	Change %
Gross Revenue	7,023	6,090	15.3%	19,471	18,070	7.8%
Net Property Income	6,997	6,055	15.6%	19,465	17,967	8.3%
Distributable Income	4,612	4,374	5.4%	13,278	12,964	2.4%
Distribution per unit	1.72	1.60	7.5%	4.97	4.76	4.4%
Annualised distribution per unit	6.70	6.36	5.3%	6.70	6.36	5.3%

1(a)(i) Statement of Total Return (For the Group)

	Actual 01-Jul-07 30-Sep-07 \$'000	Actual 01-Jan-07 30-Sep-07 \$'000
Rental income	7,023	19,471
Interest income	60	175
Gross revenue	7,083	19,646
Direct operating expenses	(86)	(181)
Net property income	6,997	19,465
Management fees	(672)	(1,847)
Trust fees	(24)	(66)
Other trust expenses	(222)	(472)
Finance Cost	(538)	(840)
Total return for the period before tax and distribution	5,541	16,240
Income tax	(609)	(1,808)
Deferred tax	-	-
Withholding tax	(493)	(1,463)
Total return for the period after tax before distribution	4,439	12,969

Statement of Distribution

Total return for the period after tax before distribution	4,439	12,969
Add back / (less) non-cash items:		
- Management fees paid and payable in units	173	482
Total distribution to Unitholders	4,612	13,451
Unitholders' distribution:		
- as distributions from operations	4,090	11,903
- as return of capital	522	1,548
Total Unitholders' distribution	4,612	13,451

Footnote:

- NM – Not meaningful

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1(b)(i) Balance Sheet

	Group		Trust	
	Actual 30-Sep-07 \$'000	Actual 30-Jun-07 \$'000	Actual 30-Sep-07 \$'000	Actual 30-Jun-07 \$'000
Current Assets				
Cash and cash equivalents	12,496	11,088	12,329	10,903
Trade and other receivables	7,343	1,900	5,174	10,547
	19,839	12,988	17,503	21,450
Non-current Assets				
Investment properties	308,774	293,672	232,979	218,399
Total Assets	328,613	306,660	250,482	239,849
Current Liabilities				
Trade and other payables	16,367	9,406	15,698	19,014
Non-current Liabilities				
Borrowings	50,808	35,938	50,808	35,938
Deferred tax liabilities	22,238	22,238	-	-
	73,046	58,176	50,808	35,938
Total Liabilities	89,413	67,582	66,506	54,952
Unitholders' Funds	239,200	239,078	183,976	184,897
Total liabilities and Unitholders' funds	328,613	306,660	250,482	239,849

1(b)(ii) Borrowings and Debt Securities

	Actual 30-Sep-07 S\$'000
Secured Borrowings	
Amount Repayable after one year	50,808
Total Borrowings	50,808

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1(c) **Consolidated Statement of Cash Flows**

	Actual 1-Jul-07 30-Sep-07 \$'000	Actual 1-Jan-07 30-Sep-07 \$'000
Operating activities		
Net income	4,439	12,969
Management fees	173	482
Operating income before working capital changes	4,612	13,451
Changes in working capital		
Trade and other receivables	(5,443)	(6,878)
Trade and other payables	6,948	10,541
Cash flows from Operating activities	6,117	17,114
Investing activities		
Purchase of investment properties	15,102	51,774
Cash flows from investing activities	15,102	51,774
Financing activities		
Proceed from loan	14,870	50,808
Payment for quarterly distribution to the Unitholders	(4,477)	(9,797)
Payment of issue and financing expenses	-	-
Cash flows from financing activities	10,393	41,011
Net Increase in Cash and Cash equivalent	1,408	6,351
Cash and Cash equivalents at beginning of the period	11,088	6,145
Cash and Cash equivalents at end of the period	12,496	12,496

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

	Group		Trust	
	Actual 1-Jul-07 30-Sep-07 \$'000	Actual 1-Jan-07 30-Sep-07 \$'000	Actual 1-Jul-07 30-Sep-07 \$'000	Actual 1-Jan-07 30-Sep-07 \$'000
Balance at beginning of period	239,078	235,684	184,898	183,555
Operations				
Net Income	4,439	12,969	3,395	9,874
Net increase in net assets resulting from operations	243,517	248,653	188,293	193,429
Issue of new units - Manager's management fees payable in units	160	344	160	344
Distribution to Unitholders	(4,477)	(9,797)	(4,477)	(9,797)
Net increase in net assets resulting from Unitholders' transactions	(4,317)	(9,453)	(4,317)	(9,453)
Balance as at end of period	239,200	239,200	183,976	183,976

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

	1-Jul-07 30-Sep-07	1-Jan-07 30-Jun-07
Balance at beginning of period	271,645,926	271,400,000
Issue of new units	198,338	245,926
Issued units at end of period	271,844,264	271,645,926
New units to be issued		
- Balance as at 1/1/07	-	-
- Manager's management fees payable in units	229,242	198,338
Total issued and issuable units	272,073,506	271,844,264

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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 prescribed in the Prospectus

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**

Nil

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

	1-Jul-07 30-Sep-07	1-Jan-07 30-Jun-07	YTD 2007
Number of units in issue	272,073,506	271,844,264	272,073,506
Earnings per unit in cents (EPU)			
Basic and fully diluted basis	1.63	3.14	4.77
Distribution per unit in cents (DPU)			
Basic and fully diluted basis	1.72	3.25	4.97

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

NAV per unit (cents) 30-Sep-07

Basic and fully diluted basis 88

8. **Review of the performance**

Please refer to the paragraph 9 for a review of actual performance against the forecast as shown in the Prospectus.

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

<u>Consolidated statement of total return</u>	Actual	Forecast	Change	Actual	Forecast	Change
	1-Jul-07 30-Sep-07 \$'000	1-Jul-07 30-Sep-07 \$'000		1-Jan-07 30-Sep-07 \$'000	1-Jan-07 30-Sep-07 \$'000	
Rental Income	7,023	6,090	15.3%	19,471	18,070	7.8%
Interest Income	60	9	566.7%	175	27	548.1%
Gross Revenue	7,083	6,099	16.1%	19,646	18,097	8.6%
Direct Operating Expenses	(86)	(44)	95.5%	(181)	(130)	39.2%
Net Property Income	6,997	6,055	15.6%	19,465	17,967	8.3%
Management fees	(672)	(567)	18.5%	(1,847)	(1,677)	10.1%
Trust fees	(24)	(21)	14.3%	(66)	(86)	-23.3%
Other trust expenses	(222)	(144)	54.2%	(472)	(428)	10.3%
Finance Cost	(538)	-	N.M.	(840)	-	N.M.
Total return for the period before tax and distribution	5,541	5,323	4.1%	16,240	15,776	2.9%
Income tax	(609)	(609)	0.0%	(1,808)	(1,807)	0.1%
Withholding tax	(493)	(492)	0.2%	(1,463)	(1,459)	0.3%
Total return for the period after tax before distribution	4,439	4,222	5.1%	12,969	12,510	3.7%

Statement of Distribution

Total return for the period after tax before distribution

Add / (less) non-cash items:

- Management fees

Total distribution to Unitholders

Unitholders' distribution:

- as distributions from operations

- as return of capital

Total Unitholders' distribution

4,439	4,222	5.1%	12,969	12,510	3.7%
173	154	12.3%	482	453	6.4%
4,612	4,376	5.4%	13,451	12,963	3.8%
4,090	3,854	6.1%	11,903	11,415	4.3%
522	522	0.0%	1,548	1,548	0.0%
4,612	4,376	5.4%	13,451	12,963	3.8%

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Variance from Forecast

Rental income is higher than forecast by \$933,000 or 15.3%. This is due to additional revenue from the two acquisitions of Pacific Healthcare Nursing Homes at Bukit Merah and at Senja in April, The Lentor Residence in June, and Adam Road Hospital in July. The four acquisitions were funded by debt and the result is shown in the \$538,000 Finance Cost of this quarter.

10. Commentary on the competitive conditions of the industry

The macroeconomic environment in the region remains positive for 2007. Indonesia and Singapore, in which First REIT has properties, continue to perform well. The Indonesian Finance Ministry estimated the third quarter to grow between 6.2% and 6.4% compared to the same period in 2006. The Singapore's Ministry of Trade and Industry (MTI) published data indicated that the economy grew by a projected 9.4% in the third quarter of 2007 compared to the same period in 2006.

Outlook for 2007

To date, the Manager has completed four acquisitions totalling \$51 million. The Manager believes that healthcare demand will grow in tandem with the economic growth in the region, which will provide more acquisition opportunities. Given the positive outlook for 2007 in Singapore and the region, the Manager is confident of exceeding the projected distribution of 6.51 cents stated in the Prospectus.

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 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	<u>Taxable Income Distribution</u> 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 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%.

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Tax-Exempt Income Distribution

Tax-Exempt Income Distribution is exempt from 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's 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(b) Corresponding period of the immediately preceding period

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

Not applicable

11(c) Book closure date: The Transfer Books and Register of First Real Estate Investment Trust will be closed from 5.00p.m. on 1 Nov 2007 for the purposes of determining each Unitholder's entitlement to First REIT's distribution.

11(d) Date Payable : 29 Nov 2007

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

Not applicable.

13. Segmental Results

No segmental results prepared as the investment properties are in the same segment of healthcare purpose. The main segment would be geographical, namely Indonesia and Singapore.

	Indonesia 1-Jul-07 30-Sep-07 \$'000	Singapore 1-Jul-07 30-Sep-07 \$'000	Total 1-Jul-07 30-Sep-07 \$'000
Gross Revenue	6,090	933	7,023
Direct Operating Expenses	(36)	(50)	(86)
Net Property Income	6,054	883	6,937

14. In the review of performance, the factors leading to any material changes to contributions to turnover and earnings by the business or geographical segments

Please refer to paragraph 9 for a review.

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15. Breakdown of sales

	Actual 1-Jul-07 30-Sep-07 \$'000	Forecast 1-Jul-07 30-Sep-07 \$'000	Change %	Actual 1-Jan-07 30-Sep-07 \$'000	Forecast 1-Jan-07 30-Sep-07 \$'000	Change %
Gross Revenue	7,023	6,090	15.3%	19,471	18,070	7.8%
Net Income After Tax	4,439	4,222	5.1%	12,969	12,510	3.7%

16. Breakdown of total distributions

Payable

1 July 2007 to 30 September 2007 \$4,679,664.30

17. 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
22 October 2007

** 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.*