

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

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**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 and June 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**

	<b>Actual 1-Apr-07 30-Jun-07 \$'000</b>	<b>Forecast 1-Apr-07 30-Jun-07 \$'000</b>	<b>Change %</b>	<b>Actual 1-Jan-07 30-Jun-07 \$'000</b>	<b>Forecast 1-Jan-07 30-Jun-07 \$'000</b>	<b>Change %</b>
Gross Revenue	6,560	6,032	8.8%	12,563	11,999	4.7%
Net Property Income	6,502	5,989	8.6%	12,468	11,912	4.7%
Distributable Income	4,491	4,327	3.8%	8,849	8,589	3.0%
Distribution per unit	1.65	1.59	3.8%	3.25	3.16	2.8%
Annualised distribution per unit	6.59	6.37	3.5%	6.55	6.37	2.8%

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

	<b>Actual 1-Apr-07 30-Jun-07 \$'000</b>	<b>Forecast 1-Apr-07 30-Jun-07 \$'000</b>	<b>Change %</b>	<b>Actual 1-Jan-07 30-Jun-07 \$'000</b>	<b>Forecast 1-Jan-07 30-Jun-07 \$'000</b>	<b>Change %</b>
Rental income	6,490	6,023	7.8%	12,448	11,981	3.9%
Interest income	70	9	677.8%	115	18	538.9%
<b>Gross revenue</b>	<b>6,560</b>	<b>6,032</b>	<b>8.8%</b>	<b>12,563</b>	<b>11,999</b>	<b>4.7%</b>
Direct operating expenses	(58)	(43)	34.9%	(95)	(86)	10.5%
<b>Net property income</b>	<b>6,502</b>	<b>5,989</b>	<b>8.6%</b>	<b>12,468</b>	<b>11,912</b>	<b>4.7%</b>
Management fees	(617)	(561)	10.0%	(1,175)	(1,110)	5.9%
Trust fees	(22)	(21)	4.8%	(42)	(65)	-35.4%
Other trust expenses	(139)	(143)	-2.8%	(240)	(284)	-15.5%
Finance Cost	(302)	-	N.M.*	(302)	-	N.M.
<b>Total return for the period before tax and distribution</b>	<b>5,422</b>	<b>5,264</b>	<b>3.0%</b>	<b>10,710</b>	<b>10,454</b>	<b>2.4%</b>
Income tax	(604)	(602)	0.3%	(1,199)	(1,198)	0.1%
Deferred tax	-	-	N.M.	-	-	N.M.
Withholding tax	(488)	(487)	0.2%	(970)	(966)	0.4%
<b>Total return for the period after tax before distribution</b>	<b>4,330</b>	<b>4,175</b>	<b>3.7%</b>	<b>8,540</b>	<b>8,290</b>	<b>3.0%</b>

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	Actual 1-Apr-07 30-Jun-07 \$'000	Forecast 1-Apr-07 30-Jun-07 \$'000	Change %	Actual 1-Jan-07 30-Jun-07 \$'000	Forecast 1-Jan-07 30-Jun-07 \$'000	Change %
<b><u>Statement of Distribution</u></b>						
Total return for the period after tax before distribution	4,330	4,175	3.7%	8,540	8,290	3.0%
Add /(less) non-cash items: - Management fees paid and payable in units	161	152	5.9%	309	299	3.3%
<b>Total distribution to Unitholders</b>	<b>4,491</b>	<b>4,327</b>	<b>3.8%</b>	<b>8,849</b>	<b>8,589</b>	<b>3.0%</b>
Unitholders' distribution: - as distributions from operations	3,975	3,811	4.3%	7,823	7,563	3.4%
- as return of capital	516	516	0.0%	1,026	1,026	0.0%
<b>Total Unitholders' distribution</b>	<b>4,491</b>	<b>4,327</b>	<b>3.8%</b>	<b>8,849</b>	<b>8,589</b>	<b>3.0%</b>

**Footnote:**

- NM – Not meaningful

**1(b)(i) Balance Sheet**

	Group		Trust	
	Actual 30-Jun-07 \$'000	Actual 31-Mar-07 \$'000	Actual 30-Jun-07 \$'000	Actual 31-Mar-07 \$'000
<b>Current Assets</b>				
Cash and cash equivalents	11,088	11,022	10,903	10,916
Trade and other receivables	1,980	1,222	10,547	5,487
	12,988	12,244	21,450	16,403
<b>Non-current Assets</b>				
Investment properties	293,672	257,000	181,727	182,243
<b>Total Assets</b>	<b>306,660</b>	<b>269,244</b>	<b>203,177</b>	<b>198,646</b>
<b>Current Liabilities</b>				
Trade and other payables	9,406	7,111	19,013	11,900
<b>Non-current Liabilities</b>				
Borrowings	35,938	-	35,938	-
Deferred tax liabilities	22,238	22,238	-	-
	58,176	22,238	35,938	-
<b>Total Liabilities</b>	<b>67,582</b>	<b>29,349</b>	<b>54,951</b>	<b>11,900</b>
<b>Unitholders' Funds</b>	<b>239,078</b>	<b>239,895</b>	<b>184,898</b>	<b>186,746</b>
<b>Total liabilities and Unitholders' funds</b>	<b>306,660</b>	<b>269,244</b>	<b>239,849</b>	<b>198,646</b>

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**1(b)(ii) Borrowings and Debt Securities**

	<b>Actual 30-Jun-07 S\$'000</b>
<b>Secured Borrowings</b>	
Amount Repayable after one year	35,938
<b>Total Borrowings</b>	<b>35,938</b>

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

	<b>Actual 1-Apr-07 30-Jun-07 \$'000</b>	<b>Actual 1-Jan-07 31-Mar-07 \$'000</b>
<b>Operating activities</b>		
Net income	4,491	4,366
Management fees	(161)	(148)
<b>Operating income before working capital changes</b>	<b>4,330</b>	<b>4,218</b>
Changes in working capital		
Trade and other receivables	(678)	(756)
Trade and other payables	2,293	1,415
<b>Cash flows from Operating activities</b>	<b>5,945</b>	<b>4,877</b>
<b>Investing activities</b>		
Net cash outflow on purchase of investment properties	(524)	-
<b>Cash flows from investing activities</b>	<b>(524)</b>	<b>-</b>
<b>Financing activities</b>		
Payment for quarterly distribution to the Unitholders	(5,319)	-
Payment of issue and financing expenses	(36)	-
<b>Cash flows from financing activities</b>	<b>(5,355)</b>	<b>-</b>
<b>Net Increase in Cash and Cash equivalent</b>	<b>66</b>	<b>4,877</b>
<b>Cash and Cash equivalents at beginning of the period</b>	<b>11,022</b>	<b>6,145</b>
<b>Cash and Cash equivalents at end of the period</b>	<b>11,088</b>	<b>11,022</b>

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

	Group		Trust	
	Actual 1-Apr-07 30-Jun-07 \$'000	Actual 1-Jan-07 31-Mar-07 \$'000	Actual 1-Apr-07 30-Jun-07 \$'000	Actual 1-Jan-07 31-Mar-07 \$'000
<b>Balance at beginning of period</b>	<b>239,895</b>	<b>235,684</b>	<b>186,746</b>	<b>183,555</b>
<b>Operations</b>				
Net Income	4,320	4,211	3,289	3,191
<b>Net increase in net assets resulting from operations</b>	<b>244,215</b>	<b>239,895</b>	<b>190,035</b>	<b>186,746</b>
Issue of new units - Manager's management fees payable in units	183	-	183	-
Distribution to Unitholders	(5,320)		(5,320)	
<b>Net increase in net assets resulting from Unitholders' transactions</b>	<b>(5,137)</b>	<b>-</b>	<b>(5,137)</b>	<b>-</b>
<b>Balance as at end of period</b>	<b>239,078</b>	<b>239,895</b>	<b>184,898</b>	<b>186,746</b>

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

	1-Apr-07 30-Jun-07	1-Jan-07 31-Mar-07
<b>Balance at beginning of period</b>	<b>271,400,000</b>	<b>271,400,000</b>
Issue of new units	245,926	-
<b>Issued units at end of period</b>	<b>271,645,926</b>	<b>271,400,000</b>
New units to be issued - Balance as at 1/1/07 - Manager's management fees payable in units	- 198,461	- -
<b>Total issued and issuable units</b>	<b>271,844,387</b>	<b>271,400,000</b>

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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**

	<b>1-Apr-07 30-Jun-07</b>	<b>1-Jan-07 31-Mar-07</b>	<b>YTD 2007</b>
Number of units in issue	271,645,926	271,400,000	271,645,926
<b>Earnings per unit in cents (EPU)</b>			
Basic and fully diluted basis	1.60	1.54	3.14
<b>Distribution per unit in cents (DPU)</b>			
Basic and fully diluted basis	1.65	1.60	3.25

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

**NAV per unit (cents) 30-Jun-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**

<b><u>Consolidated statement of total return</u></b>	<b>Actual</b>	<b>Forecast</b>	<b>Change</b>	<b>Actual</b>	<b>Forecast</b>	<b>Change</b>
	<b>1-Apr-07 30-Jun-07 \$'000</b>	<b>1-Jan-07 31-Mar-07 \$'000</b>	<b>%</b>	<b>1-Jan-07 30-Jun-07 \$'000</b>	<b>1-Jan-07 30-Jun-07 \$'000</b>	<b>%</b>
Rental Income	6,490	6,023	7.8%	12,448	11,981	3.9%
Interest Income	70	9	677.8%	115	18	538.9%
<b>Gross Revenue</b>	<b>6,560</b>	<b>6,032</b>	<b>8.8%</b>	<b>12,563</b>	<b>11,999</b>	<b>4.7%</b>
Direct Operating Expenses	(58)	(43)	34.9%	(95)	(86)	10.5%
<b>Net Property Income</b>	<b>6,502</b>	<b>5,989</b>	<b>8.6%</b>	<b>12,468</b>	<b>11,912</b>	<b>4.7%</b>
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Withholding tax	(488)	487)	0.2%	(970)	(966)	0.4%
<b>Total return for the period after tax before distribution</b>	<b>4,330</b>	<b>4,175</b>	<b>3.7%</b>	<b>8,540</b>	<b>8,290</b>	<b>3.0%</b>

**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**

4,330	4,175	3.7%	8,540	8,290	3.0%
161	152	5.9%	309	299	3.3%
<b>4,491</b>	<b>4,327</b>	<b>3.8%</b>	<b>8,849</b>	<b>8,589</b>	<b>3.0%</b>
3,975	3,811	4.3%	7,822	7,563	3.4%
516	516	0.0%	1,026	1,026	0.0%
<b>4,491</b>	<b>4,327</b>	<b>3.8%</b>	<b>8,849</b>	<b>8,589</b>	<b>3.0%</b>

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**Variance from First Quarter**

Rental income is higher than the previous quarter by \$467,000. This is due to the additional revenue from the two acquisitions of the Lengkok and Senja nursing homes in April and the Lentor nursing home in June. The three acquisitions were funded by debt and the result is shown in the \$302,000 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 has estimated the second quarter to grow by about 6.1% compared to the same period in 2006. Singapore's economy is estimated to grow by 8.2% in the second 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 being able to distribute the projected distribution of 6.51 cents as 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 April 2007 to 30 June 2007
i. Distribution Type	Income / Capital
Distribution Rate	Taxable Income: 0.04 cents per unit Tax-Exempt Income: 1.42 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 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 Aug 2007 for the purposes of determining each Unitholder's entitlement to First REIT's distribution.

11(d) Date Payable : 29 Aug 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.

	<b>Indonesia</b> <b>1-Apr-07</b> <b>30-Jun-07</b> <b>\$'000</b>	<b>Singapore</b> <b>1-Apr-07</b> <b>30-Jun-07</b> <b>\$'000</b>	<b>Total</b> <b>1-Apr-07</b> <b>30-Jun-07</b> <b>\$'000</b>
Gross Revenue	6,024	466	6,490
Direct Operating Expenses	(36)	(22)	(58)
<b>Net Property Income</b>	<b>5,988</b>	<b>444</b>	<b>6,432</b>

**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-Apr-07 30-Jun-07 \$'000	Forecast 1-Apr-07 30-Jun-07 \$'000	Change %	Actual 1-Apr-07 30-Jun-07 \$'000	Forecast 1-Apr-07 30-Jun-07 \$'000	Change %
Gross Revenue	6,490	6,023	7.8%	12,448	11,981	3.9%
Net Income After Tax	4,330	4,175	3.7%	8,540	8,290	3.0%

16. **Breakdown of total distributions**

Payable

1 April 2007 to 30 June 2007                      \$4,482,157.78

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  
23 July 2007

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*\* 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.*