

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

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

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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1(a)(ii) Statement of Distribution

	Group					
	2Q 2008	2Q 2007	Change	1H 2008	1H 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Total return for the period after tax	4,828	4,322	11.7%	9,697	8,540	13.5%
Add back /(less) non-cash items:						
- Management fees payable in units	371	161	130.4%	554	309	79.3%
- Other adjustments	7	-	n.a.	11	-	n.a.
Total distribution to Unitholders	5,206	4,483	16.1%	10,262	8,849	16.0%
Unitholders' distribution:						
- as distributions from operations	4,690	3,967	18.2%	9,236	7,823	18.1%
- as distribution of Unitholders' capital contribution	516	516	-	1,026	1,026	-
Total Unitholders' distribution	5,206	4,483	16.1%	10,262	8,849	16.0%

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1(b)(i) Balance Sheets

	Group		Trust	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	<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	-	-	179,657	180,683
Total non-current assets	325,600	325,600	233,557	234,583
Current Assets				
Trade and other receivables, current	765	808	171	187
Other assets, current	764	859	252	346
Cash and cash equivalents	15,242	13,605	12,835	12,694
Total current assets	16,771	15,272	13,258	13,227
Total Assets	342,371	340,872	246,815	247,810
Unitholders' funds and liabilities				
Unitholders' fund				
Issued equity	181,056	181,722	181,056	181,722
Retained earnings	70,510	69,620	5,234	5,371
Total Unitholders' funds	251,566	251,342	186,290	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	3,247	2,091	-	-
Trade and other payable, current	4,600	4,658	9,314	9,577
Other liabilities, current	5,241	5,117	143	125
Other financial liabilities, current (Note 1)	50,686	-	50,686	-
Total current liabilities	63,774	11,866	60,143	9,702
Total liabilities	90,805	89,530	60,525	60,717
Total Unitholders' funds and liabilities	342,371	340,872	246,815	247,810

Note :

1. Other Financial Liabilities, Non-current has been reclassified to Other Financial Liabilities, current as the borrowings which are secured against all assets relating to First REIT's investment properties (except for the Lantor Residence) will be matured in April 2009. The Group is expected to refinance the other financial liabilities, current with longer dated borrowings.

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1(b)(ii) Borrowings and Debt Securities

	Group		Trust	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
	<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	(122)	-	(122)	-
Total Borrowings	50,686	-	50,686	-

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	
	2Q 2008	2Q 2007
Note	\$'000	\$'000
Cash flows from operating activities		
Total return before tax	6,116	5,414
Adjustments for:		
Interest income	(80)	(70)
Interest expense	396	302
Manager's management fees settled in units	183	148
Operating cash flows before changes in working capital	6,615	5,794
Trade and other receivables	73	(23)
Other assets, current	82	(843)
Trade and other payables	(166)	1,534
Other liabilities, current	22	254
Net cash flows from operating activities before income tax	6,626	6,716
Income tax paid	(656)	(594)
Net cash from operating activities	5,970	6,122
Cash flows from investing activities		
Acquisition of Investment Properties	1	-
Interest received	98	(36,673)
Net cash from/(Used in) investing activities	98	(36,673)
Cash flows from financing activities		
Increase in Borrowings	2	-
Interest paid	(433)	35,936
Distribution to the Unitholders	(5,042)	-
Net cash used in financing activities	(5,475)	(5,319)
Net Increase in Cash and Cash equivalent	593	66
Cash and Cash equivalents at beginning of the period	14,649	11,022
Cash and Cash equivalents at end of the period	15,242	11,088

Note :

1. The acquisition of investment properties for 2Q 2007 relates to the Group's acquisition in Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home @ Senja and The Lentor Residence.
2. The Increase in borrowings for 2Q 2007 relates to the Group drawdown in banking facility to finance the above acquisitions.

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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 Apr 2008	181,391	70,206	251,597
Total return for the current period	-	4,828	4,828
Total recognised income for the period	-	4,828	4,828
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	183	-	183
Distribution to Unitholders	(518)	(4,524)	(5,042)
Closing balance as at 30 Jun 2008	181,056	70,510	251,566
Opening balance as at 1 Apr 2007	182,895	57,032	239,927
Total return for the current period	-	4,322	4,322
Total recognised income for the period	-	4,322	4,322
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	148	-	148
Distribution to Unitholders	(516)	(4,803)	(5,319)
Closing balance as at 30 Jun 2007	182,527	56,551	239,078
Trust			
Opening balance as at 1 Apr 2008	181,391	5,623	187,014
Total return for the current period	-	4,135	4,135
Total recognised income for the period	-	4,135	4,135
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	183	-	183
Distribution to Unitholders	(518)	(4,524)	(5,042)
Closing balance as at 30 Jun 2008	181,056	5,234	186,290
Opening balance as at 1 Apr 2007	182,895	3,885	186,780
Total return for the current period	-	3,289	3,289
Total recognised income for the period	-	3,289	3,289
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	148	-	148
Distribution to Unitholders	(516)	(4,803)	(5,319)
Closing balance as at 30 Jun 2007	182,527	2,371	184,898

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

	Trust	
	2Q 2008	2Q 2007
Balance at beginning of period	272,307,220	271,400,000
Unitholder's transactions		
Issuance of new units	258,695	245,926
Issued units at end of period	272,565,915	271,645,926
New units to be issued		
- Manager's management fees payable in units	514,351	198,338
Total issued and issuable units	273,080,266	271,844,264

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	
	2Q 2008	2Q 2007
Weighted average number of units in issue	272,489,159	271,451,347
Earnings per unit in cents (EPU)		
Basic and fully diluted basis	1.77	1.59
Number of units in issue	272,565,915	271,645,926
Distribution per unit in cents (DPU)		
Based on the number of units in issue at the end of the period	1.91	1.65

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

	Group		Trust	
	30-Jun-08	31-Dec-07	30-Jun-08	31-Dec-07
Net asset value per unit (cents)	92.30	92.38	68.35	68.77

8. Review of the performance

Gross revenue for 2Q 2008 increased by \$986,000 or 15.0% as compared to 2Q 2007 largely due to the rental increase from the Group’s four Indonesian properties and the rental income generated from the four properties in Singapore acquired in 2007.

Management fees for 2Q 2008 increased by S\$151,000 or 24.2% as compared to 2Q 2007 mainly due to increase in rental income as well as increase in the value of the Group’s properties.

Finance costs for 2Q 2008 increased by \$121,000 or 40.1% as compared to 2Q 2007 largely due to the increase in borrowings associated with the Group’s acquisition of Adam Road Hospital in 3Q 2007.

Total return for 2Q 2008 after tax as compared to 2Q 2007 increased by 11.7%, from \$4,322,000 to \$4,828,000, mainly due to the increase in rental income partly offset by increase in Management fees and Finance costs.

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

Growing affluence and ageing population are continuing to drive the private healthcare industry in Singapore, Indonesia and key cities of Asia Pacific. First REIT is indeed well placed to benefit from Asia Pacific’s growing healthcare and related medical industry. For example, Singapore has a thriving biomedical and medical technology industry which is continuing to attract major companies to set up manufacturing and research & development facilities. Singapore’s position as a premier hub for healthcare activities and a centre of excellence for biomedical activities will provide acquisition opportunities for First REIT.

Outlook for 2008

Despite the current uncertain economic conditions, the Manager remains optimistic that First REIT will continue to perform well in the second half of the year as its revenues are largely derived from long-term rental leases. Going forward, the Manager will assess the attractiveness, timing and sequence of future acquisitions. The Manager sees the current economic environment as an opportunity for making better acquisitions.

11. Distributions

11(a) Current financial period reported on

Any distributions declared for the current financial period? Yes

Distribution Type

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Name of Distribution	Distribution for the period from 1 April 2008 to 30 June 2008
i. Distribution Type	Income / Capital
Distribution Rate	Taxable Income: 0.11 cents per unit Tax-Exempt Income: 1.61 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 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%. <u>Tax-Exempt Income Distribution</u> Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders. <u>Capital Distribution</u> 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(b) Corresponding period of the immediately preceding period

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

Distribution Type

Name of Distribution	Distribution for the period from 1 April 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	<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 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%. <u>Tax-Exempt Income Distribution</u> Tax-Exempt Income Distribution is exempt from Singapore income tax in the hands of all unitholders.

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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 1 August 2008 for the purposes of determining each Unitholder's entitlement to First REIT's distribution.

11(d) Date Payable : 29 August 2008

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

Not applicable.

13. 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 July 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.*