

**FIRST REAL ESTATE INVESTMENT TRUST
2008 FULL YEAR 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, Pacific Healthcare Nursing Home @ Bukit Merah, and Senja are operated by associates of Pacific Healthcare Holdings Ltd, the Adam Road Hospital is operated by Health Promise Pte 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		
	4Q 2008	4Q 2007	Change	31 Dec 2008	31 Dec 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Gross Revenue	7,580	7,254	4.5%	30,178	26,900	12.2%
Net Property Income	7,509	7,214	4.1%	29,964	26,679	12.3%
Distributable Amount	5,318	4,793	11.0%	20,831	18,327	13.7%
Distribution per unit (cts)	1.94	1.76	10.2%	7.62	6.73	13.2%

1(a)(i) Statements of Total Return

	Group					
	Quarter			Year-to-date		
	4Q 2008	4Q 2007	Change	31 Dec 2008	31 Dec 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Gross revenue (Note A)	7,580	7,254	4.5%	30,178	26,900	12.2%
Direct operating expenses	(71)	(40)	77.5%	(214)	(221)	(3.2%)
Net property income	7,509	7,214	4.1%	29,964	26,679	12.3%
Manager's management fees	(695)	(687)	1.2%	(2,947)	(2,534)	16.3%
Trustee fees	(27)	(25)	8.0%	(107)	(91)	17.6%
Finance costs	(528)	(583)	(9.4%)	(1,848)	(1,423)	29.9%
Other expenses	(119)	(160)	(25.6%)	(600)	(632)	(5.1%)
Net income for the period/year	6,140	5,759	6.6%	24,462	21,999	11.2%
(Loss)/ gain on revaluation of investment properties	(700)	16,826	(104.2%)	(700)	16,826	(104.2%)
Total return for the period/year before income tax	5,440	22,585	(75.9%)	23,762	38,825	(38.8%)
Income tax for the period/year	2,934	(5,927)	(149.5%)	(809)	(9,198)	(91.2%)
Total return for the period/year after income tax	8,374	16,658	(49.7%)	22,953	29,627	(22.5%)

Footnote:

Certain comparative figures in the financial statements have been reclassified from the previous year to be consistent with current year presentation.

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Notes to income statements

Note A:	Group					
	Quarter			Year-to-date		
	4Q 2008	4Q 2007	Change	31 Dec 2008	31 Dec 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Gross Revenue						
Rental income	7,564	7,195	5.1%	29,964	26,666	12.4%
Interest income	16	55	(70.9%)	214	230	(7.0%)
Other income	-	4	(100.0%)	-	4	(100.0%)
	7,580	7,254	4.5%	30,178	26,900	12.2%

1(a)(ii) Statements of Distribution

	Group					
	Quarter			Year-to-date		
	4Q 2008	4Q 2007	Change	31 Dec 2008	31 Dec 2007	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Total return for the period/year after tax	8,374	16,658	(49.7%)	22,953	29,627	(22.5%)
Add back /(less) non-cash items:						
- Management fees payable in units	188	179	5.0%	1,117	661	69.0%
- Gain on revaluation of investment properties net of deferred tax	(3,239)	(12,033)	(73.1%)	(3,239)	(12,033)	(73.1%)
- Other adjustments	(5)	(11)	(54.5%)	-	72	(100.0%)
Total distribution to Unitholders	5,318	4,793	11.0%	20,831	18,327	13.7%
Unitholders' distribution:						
- as distributions from operations	4,796	4,271	12.3%	18,761	16,257	15.4%
- as distribution of Unitholders' capital contribution	522	522	-	2,070	2,070	-
Total Unitholders' distribution	5,318	4,793	11.0%	20,831	18,327	13.7%

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1(b)(i) Balance Sheets

	Group		Trust	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Assets				
Non-current Assets				
Investment properties	324,900	325,600	53,900	53,900
Investment in subsidiaries	-	-	178,613	180,683
Total non-current assets	324,900	325,600	232,513	234,583
Current Assets				
Trade and other receivables, current	1,358	808	2,096	187
Other assets, current	872	859	367	346
Cash and cash equivalents	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	255,098	251,342	185,540	187,093
Non-current liabilities				
Other financial liabilities, Non-current (Note 1)	-	50,633	-	50,633
Deferred tax liabilities	23,092	27,031	382	382
Total non-current liabilities	23,092	77,664	382	51,015
Current liabilities				
Income tax payable	537	2,091	-	-
Trade and other payable, current	4,919	4,658	9,884	9,577
Other liabilities, current	5,128	5,117	128	125
Other financial liabilities, current (Note 1)	50,773	-	50,773	-
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

Note :

1. 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 in negotiation to refinance the Other financial liabilities, current with longer term borrowings.

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

	Group		Trust	
	31 Dec 2008	31 Dec 2007	31 Dec 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	(35)	-	(35)	-
Total Borrowings	50,773	-	50,773	-

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) Statements of Consolidated Cash Flow

	Group	
	31 Dec 2008	31 Dec 2007
Note	\$'000	\$'000
Cash flows from operating activities		
Total return before tax	23,762	38,825
Adjustments for:		
Interest income	(214)	(230)
Interest expense	1,708	1,119
Amortisation of borrowing costs	140	304
Loss/(gain) on revaluation on investment properties	700	(16,826)
Manager's management fees settled in units	1,108	517
Operating cash flows before changes in working capital	27,204	23,709
Trade and other receivables	(598)	(738)
Other assets, current	(13)	(394)
Trade and other payables	339	3,419
Other liabilities, current	11	466
Net cash flows from operating activities before income tax	26,943	26,462
Income tax paid	1 (6,302)	(2,427)
Net cash from operating activities	20,641	24,035
Cash flows from investing activities		
Acquisition of Investment Properties	2 -	(51,774)
Interest received	262	160
Net cash from/(Used in) investing activities	262	(51,614)
Cash flows from financing activities		
Proceeds from bank loan	3 -	50,633
Interest paid	(1,786)	(1,111)
Distribution to the Unitholders	(20,305)	(14,484)
Net cash used in financing activities	(22,091)	35,038
Net(Decrease)/ Increase in Cash and Cash equivalent	(1,188)	7,459
Cash and Cash equivalents at beginning of the year	13,605	6,146
Cash and Cash equivalents at end of the year	12,417	13,605

Note :

1. The increase in income taxes paid in FY 2008 relates to the withholding taxes paid for the dividends declared and interest expenses on shareholders' loans from Indonesian SPCs to the Singapore SPCs.
2. The acquisition of investment property for FY 2007 relates to the Group's acquisition in Adam Road Hospital, The Lentor Residence, Pacific Healthcare nursing home @ Bukit Merah and Pacific Healthcare nursing home @ Senja.
3. The proceeds from bank loan for FY 2007 relates to the Group drawdown in banking facility to finance the above acquisition.

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1(d)(i) Statements of changes in Unitholders' Funds

	Issued Equity	Retained Earnings	Total
	\$'000	\$'000	\$'000
Group			
Opening balance as at 1 Jan 2008	181,722	69,620	251,342
Total return for the current year	-	22,953	22,953
Total recognised income for the year	-	22,953	22,953
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	1,108	-	1,108
Distribution to Unitholders	(2,074)	(18,231)	(20,305)
Closing balance as at 31 Dec 2008	180,756	74,342	255,098
Opening balance as at 1 Jan 2007	182,872	52,810	235,682
Total return for the current year	-	29,627	29,627
Total recognised income for the year	-	29,627	29,627
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	517	-	517
Distribution to Unitholders	(1,667)	(12,817)	(14,484)
Closing balance as at 31 Dec 2007	181,722	69,620	251,342
Trust			
Opening balance as at 1 Jan 2008	181,722	5,371	187,093
Total return for the current year	-	17,644	17,644
Total recognised income for the year	-	17,644	17,644
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	1,108	-	1,108
Distribution to Unitholders	(2,074)	(18,231)	(20,305)
Closing balance as at 31 Dec 2008	180,756	4,784	185,540
Opening balance as at 1 Jan 2007	182,872	161	183,033
Total return for the current year	-	18,027	18,027
Total recognised income for the year	-	18,027	18,027
Other movement in equity:			
Transactions with unitholders:			
Manager's management fees settled in units	517	-	517
Distribution to Unitholders	(1,667)	(12,817)	(14,484)
Closing balance as at 31 Dec 2007	181,722	5,371	187,093

Footnote:

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

	Trust (Quarter)		Trust (Year-to-date)	
	4Q 2008	4Q 2007	31 Dec 2008	31 Dec 2007
Balance at beginning of period/year	273,080,266	271,844,264	272,073,506	271,400,000
Unitholder's transactions				
Issuance of new units	591,078	229,242	1,597,838	673,506
Issued units at end of period/year	273,671,344	272,073,506	273,671,344	272,073,506
New units to be issued				
- Manager's management fees payable in units	467,222	233,714	467,222	233,714
Total issued and issuable units	274,138,566	272,307,220	274,138,566	272,307,220

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

The figures have not been audited or 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 applied

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

Footnote:

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

	Group (Quarter)		Group (Year-to-Date)	
	4Q 2008	4Q 2007	31 Dec 2008	31 Dec 2007
Weighted average number of units in issue	273,187,976	272,011,211	272,785,228	271,663,493
Earnings per unit in cents (EPU)				
Basic and fully diluted basis	3.07	6.12	8.41	10.91
Number of units in issue	273,671,344	272,073,506	273,671,344	272,073,506
Distribution per unit in cents (DPU)				
Based on the number of units in issue at the end of the period/year	1.94	1.76	7.62	6.73

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

	Group		Trust	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Net asset value per unit (cents)	93.21	92.38	67.80	68.77

8. Review of the performance

Gross Revenue for 4Q 2008 increased by 4.5% compared to 4Q 2007 largely due to increased rental from the Group’s eight properties in Indonesia and Singapore. Gross Revenue for FY 2008 increased by 12.2% compared to FY 2007 mainly 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 4Q 2008 and FY 2008 increased by 1.2% and 16.3% respectively compared to 4Q 2007 and FY 2007 mainly due to higher net property income.

Finance costs for 4Q 2008 decreased by 9.4% compared to 4Q 2007 mainly due to the lower interest rate. FY 2008 finance costs increased by 29.9% compared to FY 2007 due to loans taken up in second and third quarters of FY 2007 to acquire the four Singaporean properties.

Other expenses for 4Q 2008 and FY 2008 decreased by 25.6% and 5.1% respectively compared to 4Q 2007 and FY 2007 mainly due to exchange gain recognised from the payment of tax for the Indonesian SPCs partly offset by increased in other operating expenses.

Income tax for 4Q 2008 and FY 2008 decreased by 149.5% and 91.2% over 4Q 2007 and FY 2007 respectively. This was mainly due the reduction in Indonesia tax rate from 30% to 28% for the deferred tax on gain of revaluation of investment properties in FY 2007.

Excluding the gain/(loss) on revaluation of investment properties, the total return for 4Q 2008 after tax compared to 4Q 2007 improved by 11.0% mainly due to increase in rental income and lower finance costs. Total return for FY 2008 excluding the gain/(loss) on revaluation of investment properties increased by 12.0% compared to FY 2007 largely due to increase in rental income partly offset by increase in management fees and finance costs.

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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

First REIT is hopeful that the demand for quality healthcare, particularly in Asia, will remain relatively unaffected despite the current global recession. Moreover, the Trust's revenues are largely derived from long-term leases denominated in Singapore dollars, with no currency risk and no requirement for downward revision in rentals.

Recently, First REIT has completed the annual revaluation for its eight properties at S\$324.9 million. This presents no significant change to its book value compared to 2007.

The nearest date for rental renewals for First REIT's eight properties will be in April 2017, and the average lease period is 12.5 years. Occupancy for all eight properties is 100%.

Moving forward, First REIT will continue to focus on improving the income generating capacity of its existing properties through asset enhancement initiatives and working with its tenants to continually upgrade its services.

In Singapore, the Manager expects comprehensive asset enhancement works for Adam Road Hospital to commence in 2009.

First REIT's debt-to-property valuation ratio currently stands at 15.6%, which is relatively low. The Trust is confident of refinancing its existing bank loan of \$50.8 million due in April 2009.

However, the Manager will continue to exercise prudence in assessing the attractiveness, timing and sequence of future acquisitions in the light of emerging opportunities to ensure that its portfolio consists only of quality and yield-accretive healthcare-related assets that will see consistent, sustainable returns for its Unitholders.

Outlook for 2009

The Manager is hopeful that First REIT will continue to perform relatively well in 2009.

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 October 2008 to 31 December 2008

i. Distribution Type Income / Capital

 Distribution Rate Taxable Income: 0.18 cents per unit

 Tax-Exempt Income: 1.57 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

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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.

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 October 2007 to 31 December 2007

i. Distribution Type Income / Capital

Distribution Rate Taxable Income: 0.10 cents per unit

Tax-Exempt Income: 1.47 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

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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 3 February 2009 for the purposes of determining each Unitholder's entitlement to First REIT's distribution.

11(d) Date Payable : 27 February 2009

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

Not applicable.

13. 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.

	Indonesia	Singapore	Total
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
2008			
Gross Revenue	25,998	4,180	30,178
Net Property Income	25,888	4,076	29,964
Manager's management fees			(2,947)
Trustee fees			(107)
Finance costs			(1,848)
Other trust expenses			(600)
Net income			24,462
Loss on revaluation of investment properties	(700)	-	(700)
Income tax	(809)	-	(809)
Total return for the financial year after tax			22,953
2007			
Gross Revenue	24,272	2,628	26,900
Net Property Income	24,196	2,483	26,679
Manager's management fees			(2,534)
Trustee fees			(91)
Finance costs			(1,423)
Other trust expenses			(632)
Net income			21,999
Surplus on revaluation of investment properties	14,701	2,125	16,826
Income tax	(8,816)	(382)	(9,198)
Total return for the financial year after tax			29,627

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	Indonesia	Singapore	Total
	\$'000	\$'000	\$'000
Assets and Liabilities			
2008			
Segment assets including properties	272,788	66,759	339,547
Total assets			339,547
Segment liabilities	29,002	55,447	84,449
Total liabilities			84,449
2007			
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

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

Not applicable

15. A breakdown of sales as follows:-

	31 Dec 2008	31 Dec 2007	Changes
	\$'000	\$'000	%
Gross revenue reported for first half year	14,992	12,563	19.3
Total return after income tax for first half year	9,697	8,540	13.5
Total return after income tax but before gain/(loss) on revaluation of properties net of deferred tax for first half year	9,697	8,540	13.5
Gross revenue reported for second half year	15,186	14,337	5.9
Total return after income tax for second half year	13,256	21,087	(37.1)
Total return after income tax but before gain/(loss) on revaluation of properties net of deferred tax for second half year	10,017	9,054	10.6

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows :

	Latest Full Year	Previous Full Year
	\$'000	\$'000
Distribution to unitholders	20,305	14,484

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17. 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 31 December 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.

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 January 2009

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