

**FIRST REAL ESTATE INVESTMENT TRUST  
2012 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

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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 ten properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Pacific Healthcare Nursing Home @ Bukit Merah, 8) Pacific Healthcare Nursing Home II @ Bukit Panjang, 9) The Lentor Residence and 10) Sarang Hospital.

Its Indonesian assets are operated by Siloam Hospitals Group, a division 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 nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by First Lentor Residence Pte. Ltd. In South Korea, the Sarang Hospital is operated by a private doctor.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

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**Summary of First REIT's Results**

	Group					
	Quarter			Year-to-date		
	2Q 2012	2Q 2011	Change	30 Jun 2012	30 Jun 2011	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
Gross Revenue	14,033	13,223	6.1%	28,042	26,403	6.2%
Net Property Income	13,903	13,103	6.1%	27,770	26,189	6.0%
Distributable Amount	12,172	9,886	23.1%	24,310	19,781	22.9%
Distribution per unit (cts)	1.93	1.58	22.2%	3.86	3.16	22.2%
Annualised Distribution per unit (cts) (Excludes other gain)	6.39	6.33	0.9%	6.39	6.33	0.9%
Annualised Distribution per unit (cts) (Includes other gain)	7.07	7.01 <sup>1</sup>	0.9%	7.07	7.01 <sup>1</sup>	0.9%

Note:

- 1) Actual distribution paid for FY 2011 and this included the other gain distribution. The other gain distribution paid is a portion of the total on divestment of the Adam Road property.

The other gain distribution to be paid for 2Q 2012 will be the final payment resulting from the total gain on divestment of the Adam Road property.

**1(a)(i) Statement of Comprehensive Income**

	Group					
	Quarter			Year-to-date		
	2Q 2012	2Q 2011	Change	30 Jun 2012	30 Jun 2011	Change
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
<b>Gross revenue</b>	<b>14,033</b>	<b>13,223</b>	<b>6.1%</b>	<b>28,042</b>	<b>26,403</b>	<b>6.2%</b>
Property operating expenses	(130)	(120)	8.3%	(272)	(214)	27.1%
<b>Net property income</b>	<b>13,903</b>	<b>13,103</b>	<b>6.1%</b>	<b>27,770</b>	<b>26,189</b>	<b>6.0%</b>
Interest income	36	29	24.1%	65	48	35.4%
Manager's management fees	(1,346)	(1,290)	4.3%	(2,697)	(2,653)	1.7%
Trustee fees	(49)	(47)	4.3%	(98)	(95)	3.2%
Finance costs	(1,020)	(873)	16.8%	(2,076)	(1,636)	26.9%
Other expenses	(462)	(39)	NM	(196)	(221)	(11.3%)
<b>Net income before the undernoted</b>	<b>11,062</b>	<b>10,883</b>	<b>1.6%</b>	<b>22,768</b>	<b>21,632</b>	<b>5.3%</b>
Gain on divestment of investment property	-	-	-	-	3,567	-
<b>Total return for the period before income tax</b>	<b>11,062</b>	<b>10,883</b>	<b>1.6%</b>	<b>22,768</b>	<b>25,199</b>	<b>(9.6%)</b>
Income tax expense	(2,261)	(2,176)	3.9%	(4,486)	(3,253)	37.9%
<b>Total return for the period after income tax</b>	<b>8,801</b>	<b>8,707</b>	<b>1.1%</b>	<b>18,282</b>	<b>21,946</b>	<b>(16.7%)</b>
<b>Other comprehensive income:</b>						
Exchange differences on translating foreign operations, net of tax	251	-	-	(241)	-	-
<b>Total comprehensive income for the period</b>	<b>9,052</b>	<b>8,707</b>	<b>4.0%</b>	<b>18,041</b>	<b>21,946</b>	<b>(17.8%)</b>

Note:

NM – Not meaningful

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**1(a)(ii) Statement of Distribution**

	<b>Group</b>					
	<b>Quarter</b>			<b>Year-to-date</b>		
	<b>2Q 2012</b>	<b>2Q 2011</b>	<b>Change</b>	<b>30 Jun 2012</b>	<b>30 Jun 2011</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Total return for the period after income tax	8,801	8,707	1.1%	18,282	21,946	(16.7%)
Adjustments for tax purposes:						
- Manager's management fees settled in units	1,138	1,276	(10.8%)	2,146	2,429	(11.7%)
- Deferred rental income of property under asset enhancement	-	-	-	-	172	-
- Realised revaluation gain on divestment of investment property, net of deferred tax	-	-	-	-	4,063	-
- Foreign exchange adjustment loss/(gain)	255	-	-	(323)	-	-
- Others	4	(97)	NM	56	(102)	NM
<b>Total available for distribution to Unitholders</b>	<b>10,198</b>	<b>9,886</b>	<b>3.2%</b>	<b>20,161</b>	<b>28,508</b>	<b>(29.3%)</b>
Unitholders' distribution:						
- as distribution from operations	7,947	7,998	(0.6%)	15,862	16,025	(1.0%)
- as distribution of Unitholders' capital contribution	2,050	1,888	8.6%	4,098	3,756	9.1%
- as distribution from other gain	2,175	-	-	4,350	-	-
<b>Distributable amount to Unitholders</b>	<b>12,172</b>	<b>9,886</b>	<b>23.1%</b>	<b>24,310</b>	<b>19,781</b>	<b>22.9%</b>

Note:

NM – Not meaningful

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**1(b)(i) Statements of Financial Position**

	Note	Group		Trust	
		30 Jun 2012 S\$'000	31 Dec 2011 S\$'000	30 Jun 2012 S\$'000	31 Dec 2011 S\$'000
<b>Assets</b>					
<b>Non-current Assets</b>					
Investment properties		618,916	617,981	37,240	36,000
Investments in subsidiaries		-	-	322,516	324,531
Loan receivable, non-current		-	-	69,273	71,356
Deferred tax assets		472	472	472	472
Total non-current assets		619,388	618,453	429,501	432,359
<b>Current Assets</b>					
Trade and other receivables, current	1	2,290	8,315	2,287	2,240
Loan receivable, current		-	-	4,191	4,191
Other assets, current		1,353	1,123	242	-
Cash and cash equivalents		26,609	32,725	20,861	25,917
Total current assets		30,252	42,163	27,581	32,348
<b>Total Assets</b>		<b>649,640</b>	<b>660,616</b>	<b>457,082</b>	<b>464,707</b>
<b>Unitholders' Funds and Liabilities</b>					
<b>Unitholders' Fund</b>					
Issued equity		342,701	344,714	342,701	344,714
Retained earnings		157,562	159,492	(3,734)	2,245
Foreign exchange reserve		852	1,093	-	-
<b>Total Unitholders' Funds</b>		<b>501,115</b>	<b>505,299</b>	<b>338,967</b>	<b>346,959</b>
<b>Non-current Liabilities</b>					
Deferred tax liabilities		30,225	30,225	-	-
Other financial liabilities, non-current		49,459	49,361	49,459	49,361
Total non-current liabilities		79,684	79,586	49,459	49,361
<b>Current Liabilities</b>					
Income tax payable		1,011	980	-	-
Trade and other payables, current	2	4,575	11,554	18,473	18,150
Other financial liabilities, current		48,329	48,430	48,329	48,430
Other liabilities, current		14,926	14,767	1,854	1,807
Total current liabilities		68,841	75,731	68,656	68,387
<b>Total Liabilities</b>		<b>148,525</b>	<b>155,317</b>	<b>118,115</b>	<b>117,748</b>
<b>Total Unitholders' Funds and Liabilities</b>		<b>649,640</b>	<b>660,616</b>	<b>457,082</b>	<b>464,707</b>

Note:

1. Trade and other receivables, current has decreased to S\$2.3 million mainly due to the receipt of taxes refunded from the Indonesia tax authority payable to the vendors of SHLC (Siloam Hospitals Lippo Cikarang) and MRCCC (Mochtar Riady Comprehensive Cancer Centre).
2. Trade and other payables, current has decreased to S\$4.6m mainly due to the payment of the taxes refunded from the Indonesia tax authority to the vendors of SHLC and MRCCC.

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

	Group		Trust	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Secured Borrowings</b>				
Amount repayable after one year	50,000	50,000	50,000	50,000
Less: Transaction costs in relation to Term Loan Facility	(541)	(639)	(541)	(639)
<b>Total Borrowings, Non-current</b>	<b>49,459</b>	<b>49,361</b>	<b>49,459</b>	<b>49,361</b>
Amount repayable within one year*	48,329	48,652	48,329	48,652
Less: Transaction costs in relation to Term Loan Facility	-	(222)	-	(222)
<b>Total Borrowings, Current</b>	<b>48,329</b>	<b>48,430</b>	<b>48,329</b>	<b>48,430</b>

Note: The Borrowings are secured against all First REIT's investment properties except Sarang Hospital.

In May 2012, First REIT has secured a S\$168 million Transferable Term Loan Facility ("TLF") from a bank. Of the four-year S\$168 million TLF, approximately S\$50 million will be used to refinance outstanding loans, with the remaining S\$118 million to be used to finance any future acquisitions.

\*The existing TLF which was due on June 2012 were extended to 31 August 2012 with the option to further extend to 28 September 2012 to facilitate the documentations of the above TLF.

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

	Group	
	2Q 2012	2Q 2011
<u>Note</u>	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash flows from operating activities</b>		
Total return before income tax	11,062	10,883
Interest income	(36)	(29)
Interest expense	858	713
Amortisation of borrowing costs	162	160
Foreign exchange adjustment loss	255	-
Manager's management fees payable/paid in units	1,138	1,276
<b>Operating cash flows before changes in working capital</b>	<b>13,439</b>	<b>13,003</b>
Trade and other receivables, current	2,983	2,978
Other assets, current	(184)	(921)
Trade and other payables, current	(3,221)	(4,518)
Other liabilities, current	118	54
<b>Net cash flows from operating activities before income tax</b>	<b>13,135</b>	<b>10,596</b>
Income taxes paid	(2,231)	(2,180)
<b>Net cash flows from operating activities</b>	<b>10,904</b>	<b>8,416</b>
<b>Cash flows from investing activities</b>		
Interest received	44	24
Increase in investment properties	(622)	(28)
<b>Net cash flows used in investing activities</b>	<b>(578)</b>	<b>(4)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,372)	(707)
Distribution to Unitholders	(12,164)	(9,871)
<b>Net cash flows used in financing activities</b>	<b>(13,536)</b>	<b>(10,578)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(3,210)</b>	<b>(2,166)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>29,819</b>	<b>33,845</b>
<b>Cash and cash equivalents at end of the period</b>	<b>26,609</b>	<b>31,679</b>

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**1(c) Statement of Cash Flows (Cont'd)**

	Group	
	30 Jun 2012	30 Jun 2011
	<u>S\$'000</u>	<u>S\$'000</u>
<b>Cash flows from operating activities</b>		
Total return before income tax	22,768	25,199
Interest income	(65)	(48)
Interest expense	1,755	1,463
Amortisation of borrowing costs	321	173
Foreign exchange adjustment gain	(323)	-
Gain on divestment of investment property	-	(3,567)
Manager's acquisition fees settled in units	-	350
Manager's management fees payable/paid in units	2,146	2,429
<b>Operating cash flows before changes in working capital</b>	<b>26,602</b>	<b>25,999</b>
Trade and other receivables, current	6,041	3,543
Other assets, current	(230)	(1,002)
Trade and other payables, current	(6,989)	(5,704)
Other liabilities, current	198	(746)
<b>Net cash flows from operating activities before income tax</b>	<b>25,622</b>	<b>22,090</b>
Income taxes paid	(4,455)	(4,031)
<b>Net cash flows from operating activities</b>	<b>21,167</b>	<b>18,059</b>
<b>Cash flows from investing activities</b>		
Interest received	74	39
Proceeds from disposal of investment property	1 -	33,000
Increase in investment properties	2 (1,240)	(52,610)
<b>Net cash flows used in investing activities</b>	<b>(1,166)</b>	<b>(19,571)</b>
<b>Cash flows from financing activities</b>		
Increase in borrowings	3 -	49,620
Repayment of borrowings	4 -	(27,400)
Interest paid	(1,812)	(1,329)
Distribution to Unitholders	(24,305)	(15,293)
<b>Net cash flows (used in)/from financing activities</b>	<b>(26,117)</b>	<b>5,598</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,116)</b>	<b>4,086</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>32,725</b>	<b>27,593</b>
<b>Cash and cash equivalents at end of the period</b>	<b>26,609</b>	<b>31,679</b>

Note:

- 1) The divestment of investment property came from the sale of the Adam Road property in 1Q 2011.
- 2) The increase in investment properties relates mainly to the payment of the withholding sum for acquisition of the Mochtar Riady Comprehensive Cancer Centre ("MRCCC") in 1Q 2011.
- 3) The increase in borrowings relates to the drawdown of loan for payment of the withholding sum for the acquisition of MRCCC in 1Q 2011.
- 4) The repayment of borrowings came from the divestment of the Adam Road property in 1Q 2011.

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**1(d)(i) Statements of Changes in Unitholders' Funds**

	<b>Issued Equity</b>	<b>Retained Earnings</b>	<b>Foreign Exchange Reserve</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Group</u></b>				
<b>Opening balance as at 1 Apr 2012</b>	<b>343,773</b>	<b>158,845</b>	<b>601</b>	<b>503,219</b>
Total comprehensive income for the period	-	8,801	251	9,052
Manager's management fees settled in units	1,008	-	-	1,008
Distribution to Unitholders	(2,080)	(10,084)	-	(12,164)
<b>Closing balance as at 30 Jun 2012</b>	<b>342,701</b>	<b>157,562</b>	<b>852</b>	<b>501,115</b>
<b>Opening balance as at 1 Apr 2011</b>	<b>346,579</b>	<b>147,838</b>	-	<b>494,417</b>
Total comprehensive income for the period	-	8,707	-	8,707
Manager's management fees settled in units	1,153	-	-	1,153
Distribution to Unitholders	(1,874)	(7,997)	-	(9,871)
<b>Closing balance as at 30 Jun 2011</b>	<b>345,858</b>	<b>148,548</b>	-	<b>494,406</b>
<b><u>Trust</u></b>				
<b>Opening balance as at 1 Apr 2012</b>	<b>343,773</b>	<b>(402)</b>	-	<b>343,371</b>
Total comprehensive income for the period	-	6,752	-	6,752
Manager's management fees settled in units	1,008	-	-	1,008
Distribution to Unitholders	(2,080)	(10,084)	-	(12,164)
<b>Closing balance as at 30 Jun 2012</b>	<b>342,701</b>	<b>(3,734)</b>	-	<b>338,967</b>
<b>Opening balance as at 1 Apr 2011</b>	<b>346,579</b>	<b>9,109</b>	-	<b>355,688</b>
Total comprehensive income for the period	-	6,818	-	6,818
Manager's management fees settled in units	1,153	-	-	1,153
Distribution to Unitholders	(1,874)	(7,997)	-	(9,871)
<b>Closing balance as at 30 Jun 2011</b>	<b>345,858</b>	<b>7,930</b>	-	<b>353,788</b>

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

	Trust			
	Quarter		Year-to-date	
	2Q 2012	2Q 2011	30 Jun 2012	30 Jun 2011
<b>Balance at beginning of period</b>	<b>629,104,828</b>	<b>623,194,405</b>	<b>627,680,294</b>	<b>622,195,888</b>
Unitholders transactions:				
Issuance of new units	1,161,970	1,571,499	2,586,504	2,570,016
<b>Balance at end of period</b>	<b>630,266,798</b>	<b>624,765,904</b>	<b>630,266,798</b>	<b>624,765,904</b>
New units to be issued				
- Manager's management fees payable in units	1,261,686	1,632,914	1,261,686	1,632,914
<b>Total issued and issuable units</b>	<b>631,528,484</b>	<b>626,398,818</b>	<b>631,528,484</b>	<b>626,398,818</b>

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of current financial period and as at the end of the immediately preceding year**

	Trust	
	30 Jun 2012	31 Dec 2011
<b>Issued units at end of period/year</b>	<b>630,266,798</b>	<b>627,680,294</b>

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**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**

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation applied in the financial statements for the current financial period are consistent with those applied in the audited financial statements for the year ended 31 December 2011.

**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**

Other than the adoption of various new/revised Singapore Financial Reporting Standards ("FRS") and related Interpretations as issued by the Singapore Accounting Standards Council, which took effect from 1 January 2012, there has been no change in the accounting policies and methods of computation adopted by the Group.

The adoption of the new/revised FRS and interpretations did not have any material impact on the financial statements of the Group.

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

	Group			
	Quarter		Year-to-date	
	2Q 2012	2Q 2011	30 Jun 2012	30 Jun 2011
<b><u>Earnings per unit</u></b>				
Weighted average number of units in issue	630,024,189	624,437,789	629,368,831	623,709,198
<b><u>Earnings per unit in cents</u></b>				
Basic and fully diluted basis	1.40	1.39	2.90	3.52
<b><u>Distribution per unit</u></b>				
Number of units in issue	630,266,798	624,765,904	630,266,798	624,765,904
<b><u>Distribution per unit in cents</u></b>				
Based on the number of units in issue at the end of the period	1.93	1.58	3.86	3.16

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

	Group		Trust	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
<b>Net asset value per unit (cents)</b>	79.51	80.50	53.78	55.28

**8. Review of the performance**

2Q 2012 vs 2Q 2011

Gross revenue for 2Q 2012 increased by 6.1% to S\$14.0 million compared to 2Q 2011 mainly due to the contribution from the Sarang Hospital which was acquired in August 2011 as well as higher rental income from the rest of the properties.

Property operating expenses for 2Q 2012 increased by 8.3% to S\$130,000 compared to 2Q 2011 mainly due to expenses incurred for the Sarang Hospital.

Interest income for 2Q 2012 increased by 24.1% to S\$36,000 compared to 2Q 2011 mainly due to higher amount of fixed deposits and interest rates.

Finance costs for 2Q 2012 increased by 16.8% to S\$1.0 million compared to 2Q 2011 mainly due to the higher loan amounts to finance the acquisition of the Sarang Hospital and higher interest rates.

Other expenses for 2Q 2012 increased from S\$39,000 to S\$462,000 as compared to 2Q 2011 mainly due to unrealised exchange loss on USD loan in 2Q 2012.

Income tax for 2Q 2012 increased by 3.9% to S\$2.3 million compared to 2Q 2011 mainly due to the higher rental income.

1H 2012 vs 1H 2011

Gross revenue for 1H 2012 increased by 6.2% to S\$28.0 million compared to 1H 2011 mainly due to the contribution from the Sarang Hospital which was acquired in August 2011 as well as higher rental income from the rest of the properties.

Property operating expenses for 1H 2012 increased by 27.1% to S\$272,000 compared to 1H 2011 mainly due to expenses incurred for the Sarang Hospital.

Interest income for 1H 2012 increased by 35.4% to S\$65,000 compared to 1H 2011 mainly due to higher amount of fixed deposits and interest rates.

Finance costs for 1H 2012 increased by 26.9% to S\$2.1 million compared to 1H 2011 mainly due to the higher loan amounts to finance the acquisition of the Sarang Hospital and higher interest rates.

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Other expenses for 1H 2012 decreased by 11.3% to S\$196,000 compared to 1H 2011 mainly due to unrealised exchange gain on USD loan in 1H 2012.

Income tax for 1H 2012 increased by 37.9% to S\$4.5 million compared to 1H 2011 mainly due to the higher rental income in 1H 2012 and write back of provision for deferred tax as a result of the divestment of the Adam Road property in 1H 2011.

Total return after tax for 1H 2012 decreased by 16.7% to S\$18.3 million compared to 1H 2011 mainly due to the gain on divestment of the Adam Road property recognised in 1Q 2011.

Total return after tax for 1H 2012 would have increased by 5.8% compared to 1H 2011 of S\$17.3 million (excluding the gain on divestment of the Adam Road property) mainly due to contribution from the Sarang Hospital which was acquired in August 2011, higher rental income from the rest of the properties and unrealised exchange gain on USD loan.

**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**

Despite slower growth in the Asia region as a result of continuing weakness and uncertainty in the wider global economic environment, Indonesia's economy remained robust. Fitch Ratings has raised Indonesia's investment grade status up one notch to BBB-minus and Moody has raised its foreign and local-currency ratings up to Ba1. Indonesia's foreign direct investments continue to be growing strongly on the back of strong domestic demand and commodity exports.

The Indonesian healthcare market continues to hold attractive prospects for First REIT, driven largely by the country's rapidly-growing middle class segment. The resultant increasing need for more quality healthcare facilities will continue to propel the growth of the Indonesian healthcare industry.

First REIT will continue to focus on Indonesia in view of the growth prospect for healthcare which will present strong opportunities for its sponsor, Lippo Karawaci. Since First REIT has a right-of-first-refusal on its sponsor, the Trust will in turn have a steady and strong pipeline of healthcare assets available for acquisition. First REIT has been conducting feasibility studies on a number of properties belonging to its sponsor in recent months.

The Singapore government remains strongly committed to providing quality palliative, tertiary and long-term care. The country's ageing population as well as the shortage of beds in hospitals and nursing homes will continue to provide opportunities for First REIT. First REIT is also looking forward to the completion of its new 5-storey extension block for The Lantor Residence as part of asset enhancement for its properties later this year.

First REIT has a low debt-to-property valuation ratio of 15.9% which is significantly below the regulatory limit of 35%, giving First REIT sufficient means to acquire more yield-accretive, quality assets in Asia to further expand its asset base.

In May 2012, First REIT also secured a S\$168 million Transferrable Term Loan Facility ("TLF") from Oversea-Chinese Banking Corporation Limited ("OCBC") through its Trustee. Of the four-year S\$168 million TLF, which will be available in Singapore Dollars and US Dollars, approximately S\$50 million will be used to refinance First REIT's outstanding loans with OCBC, with the remaining S\$118 million to be used to finance any future acquisitions. The Trust will not have any short-term refinancing needs until 2015.

With this term loan facility and its ample headroom for further acquisitions, First REIT will continue to look for new yield-accretive acquisitions for its portfolio with a view to raise its portfolio size to at least S\$1 billion in the short to medium term.

Barring any unforeseen circumstances, the Manager does not expect any significant or adverse changes to First REIT's performance for the rest of 2012.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2012 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**11. Distributions**

11(a) Current financial period reported on

Any distributions declared for the current financial period? Yes

Distribution Type

Name of Distribution (a) Distribution for the period from 1 April 2012 to 30 June 2012

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.07
Tax-Exempt Income	1.19
Capital	0.33
Other Gain	0.34
Total	1.93

Note:

The other gain distribution is a portion of the total gain on divestment of the Adam Road property.

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 17%.

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.

Other Gain Distribution

Distribution of other gain is not a taxable distribution to the unitholders.

**FIRST REAL ESTATE INVESTMENT TRUST**  
**2012 SECOND QUARTER UNAUDITED FINANCIAL STATEMENTS & DISTRIBUTION ANNOUNCEMENT**

**11. Distributions (cont'd)**

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 2011 to 30 June 2011

i. Distribution Type Income / Capital

Distribution Type	Distribution Rate (cents per unit)
Taxable Income	0.08
Tax-Exempt Income	1.20
Capital	0.30
Total	1.58

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 17%.

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 Unitholders of First Real Estate Investment Trust will be closed at 5.00p.m. on 1 August 2012 for the purposes of determining each Unitholder's entitlement to First REIT's distribution. The ex-dividend date will be on 30 July 2012 at 9.00am.

11(d) Date Payable: 29 August 2012

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

Not applicable.

**13. If no IPT mandate has been obtained, a statement to that effect**

First REIT has not obtained a general mandate from unitholders.

**14. 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 June 2012:

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"), the shareholder loan repayment by the Singapore SPC and other gain relates to a portion of the total gain on divestment of the Adam Road property.
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.

The distribution is computed based on the accounts of First REIT for the quarter ended 30 June 2012 and is verified by our external tax consultant.

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

**15. 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  
24 July 2012