



(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006)

ADAM ROAD HOSPITAL, NO. 19 ADAM ROAD SINGAPORE (289891)

Bowsprit Capital Corporation Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**”) wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of First REIT (the “**Landlord**”) has on 30th October 2009 entered into a collaboration agreement (the “**Collaboration Agreement**”) with Health Promise Pte. Ltd. (formerly known as Pacific Hospital Consultants Pte. Ltd.), the tenant of Adam Road Hospital (the “**Tenant**”) and Pacific Healthcare Holdings Ltd. (“**PHHL**”), a company listed on the Singapore Exchange Ltd., for the enhancement of the existing Adam Road Hospital (the “**Property**”) to a modern 3-storey purpose built cancer hospital with basement (the “**New Building**”).

1.0 INFORMATION ON THE NEW BUILDING

- 1.1 The New Building will have a gross floor area of approximately 2,545.61 square metres, and will function as a cancer treatment centre to be operated by Pacific Cancer Centre Pte. Ltd, a wholly owned subsidiary of PHHL.
- 1.2 The Landlord shall appoint Boustead Projects Pte. Ltd. as main contractor and project manager for a contract sum of \$18.6 million (including GST), upon obtaining all necessary building approvals. Written Permission for the New Building from the Urban Redevelopment Authority has already been obtained and Boustead will commence works as soon as practicable.
- 1.3 The New Building is expected to be completed by mid 2011 with the issuance of the Temporary Occupation Permit (“TOP”).

2.0 EXISTING LEASE AND NEW LEASE

The Tenant shall continue to perform its existing lease obligations during the construction period. Upon completion of the New Building, the existing lease shall cease and concurrently the Tenant will take a new lease of the New Building for a term of 10 years at an agreed revised annual rent, with annual escalation and an option to renew for another 10 years.

3.0 RATIONALE AND BENEFITS OF THE NEW BUILDING

The enhancement of the Property is in line with the Manager’s strategy to improve the returns and optimize the plot ratio of existing properties in First REIT’s portfolio.

The Manager believes the enhancement of Adam Road Hospital will enhance rental income and increase the value of the Property. It is expected that the net property income and consequently, the income for distribution to unit holders of First REIT will be accretive on completion of the New Building and when the new lease becomes effective.

4.0 FUNDING FOR THE ASSET ENHANCEMENT WORKS AND FINANCIAL IMPACT

4.1 Funding and Gearing

First REIT intends to fund the asset enhancement through debt. First REIT's gearing as at 31 December 2008 was 15.6%. After the completion of the asset enhancement works, gearing will be 19.9%.

4.2 DPU Accretion and Yield

The new lease is expected to be yield accretive and will translates to an accretive Distribution per Unit ("DPU") of 0.096 cent or 1.26% increase based on First REIT's DPU of 7.62 cents for financial year 2008.

At the last traded price of S\$0.725 (as at 27th October 2009), the current yield is 10.5 % per annum. With the completion of the New Building, the yield will increase to 10.6% per annum.

5.0 INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

None of the directors of the Manager or substantial Unitholders have an interest, direct or indirect, in the enhancement of the Property.

6.0 DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager located at No. 1 Phillip Street #15-00 Singapore 048692 for a period of 3 months commencing from the date of this Announcement:

- I. Collaboration Agreement
- II. Agreement to Surrender
- III. New Lease
- IV. Deed of Novation I
- V. Deed of Novation II
- VI. Valuation report
- VII. Articles of Agreement (REDAS Design and Build Conditions of Contract 2nd Edition)

By Order of the Board

Dr. Ronnie Tan
Chief Executive Officer
Bowsprit Capital Corporation Limited
Manager of First REIT

2nd November 2009