

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

FY 2010 Financial Results

21 January 2011



Disclaimer

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The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

A Key financial highlights

B Corporate developments

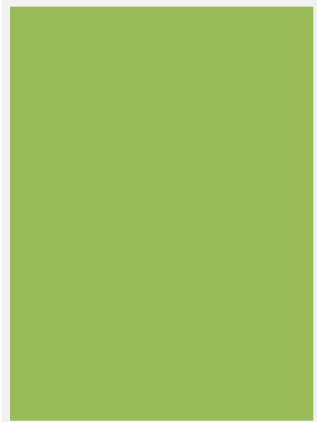
C DPU & price comparison

D Capital management

E Portfolio highlights

F Business prospects

A. Key financial highlights



Key financial highlights

FY 2010

- Including deferred rental income from proposed Pacific Cancer Centre @ Adam Road (currently under redevelopment), gross revenue increased by 4.4% to **S\$31.5* million**, mainly due to higher rental income from the Indonesia properties
 - Variable rental growth component of **1.25%** of the total gross revenue of four Indonesian assets kicks in in FY 2010; in addition to the annual escalation based on 2 times Singapore CPI (capped at 2%)
- Net property income increased by 4.2% to **S\$31.1* million**
- Distributable income increased by 1.8% to **S\$21.3 million**
- Net asset value per unit at **77.00¢** as at 31 Dec 2010 (based on enlarged share base a result of rights issue)
- No major refinancing needs till **2012**

Projection Year 2011

- Projected distribution per unit (DPU) stands at **6.4 cents**
- Projected distribution yield for 2011 at **9.14%**, based on a theoretical ex-rights price of S\$0.70 (as per the Circular to unitholders dated 10 November 2010)
- Based on the projected DPU of 6.4 cents and the closing price of S\$0.765 as at 19 January 2011, the yield is **8.37%**.

** Figures include deferred rental income of property under asset enhancement.*

FY 2010 financial summary

In S\$'000	4Q 2010	4Q 2009	Change	FY 2010	FY 2009	Change
Gross Revenue	7,960*	7,667	+ 3.8%	31,494*	30,162	+ 4.4%
Net Property Income	7,870*	7,580	+ 3.8%	31,095*	29,850	+ 4.2%
Distributable Amount	5,434	5,284	+ 2.8%	21,346	20,964	+ 1.8%
Distribution Per Unit (cts)						
• For the period	0.87**	1.92	- 54.7%	6.63**	7.62	- 13.0%
Adjusted Distribution Per Unit (cts)	1.96***	1.92	+ 2.1%	7.72	7.62	+ 1.3%

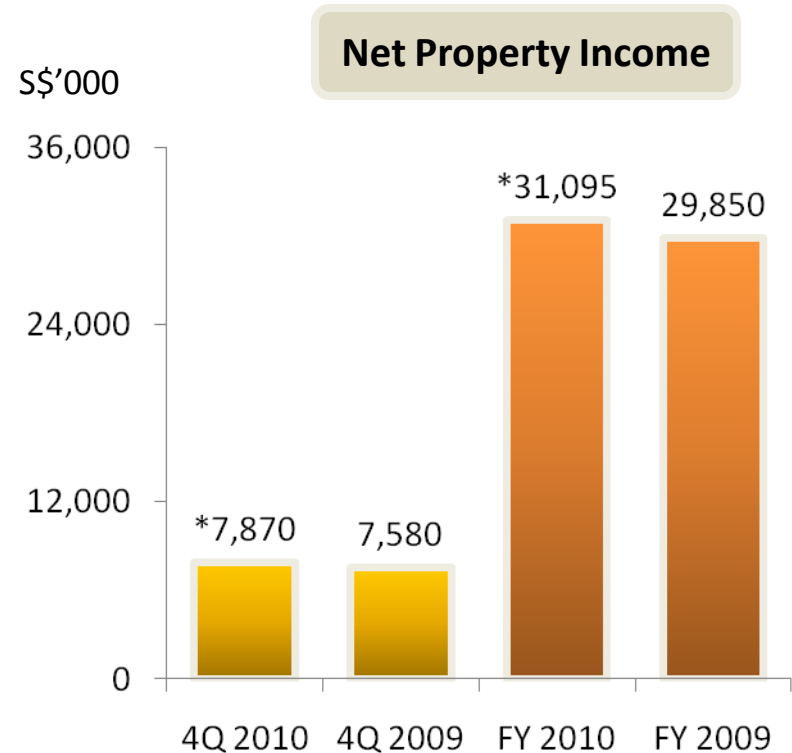
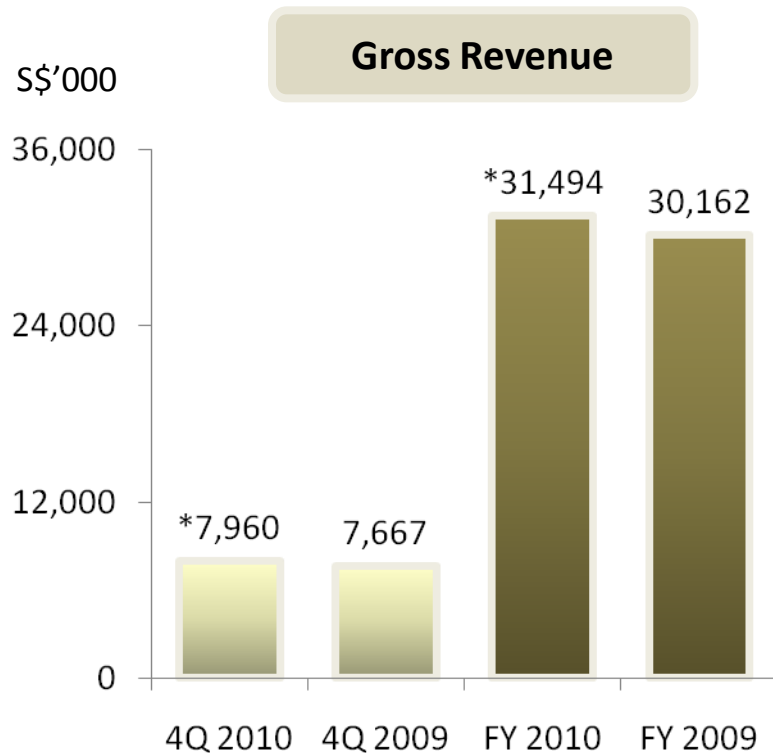
* Includes deferred rental income of property under asset enhancement.

** Distribution per unit is lower for 4Q 2010 and YTD 31 Dec 2010 due to the issuance of 345,664,382 Rights Units on 31 December 2010 in relation to the acquisition of Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Lippo Cikarang. These new rights units are entitled to participate in the 4Q 2010 distribution. If the new rights units issued on 31 December 2010 are excluded in the computation, the adjusted distribution per unit would have been 1.96 cents and 7.72 cents for 4Q 2010 and YTD 31 Dec 2010 respectively.

***For Unitholders who subscribed to the new rights units, the effective distribution per unit would be equivalent to 1.96 cents.

- ▶ Distributable income increased y-o-y
- ▶ Enlarged base of 622,195,888 issued units as at 31 Dec 2010

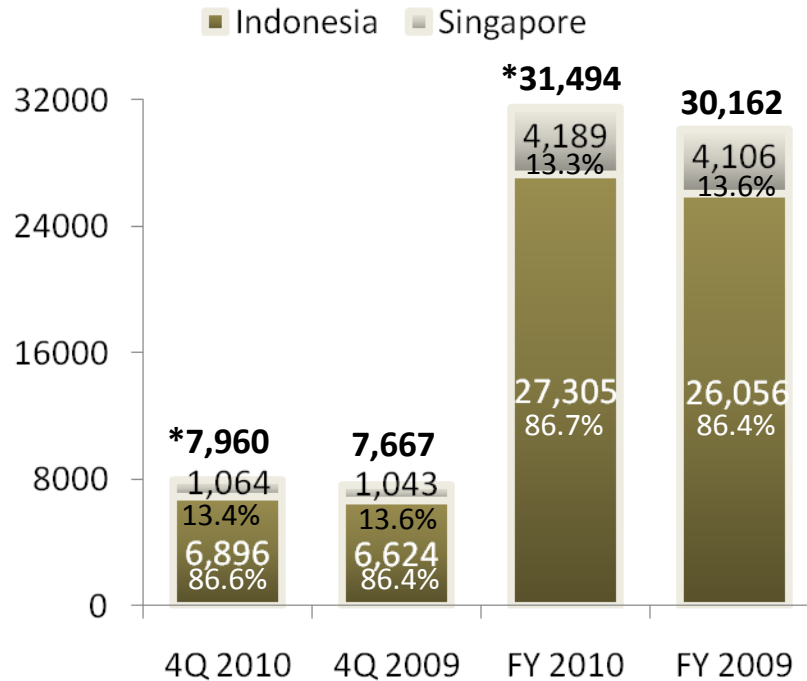
Gross revenue & net property income



**Includes deferred rental income from property under asset enhancement.*

- ▶ Steady rental structure:
 - ❖ Fixed yearly rental increment for Singapore properties; base (2x percentage increase of Singapore CPI, capped at 2%) plus variable components (function of turnover growth) for Indonesia properties
- ▶ Long term leases denominated in Singapore dollars

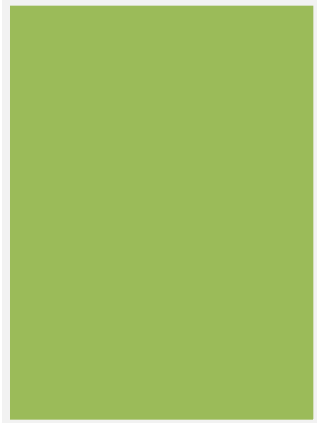
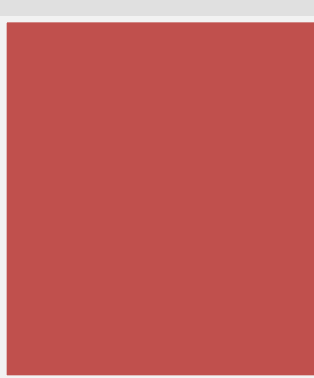
Rental income: breakdown by geography



- ▶ Higher revenue to be generated from Indonesia:
 - ❖ First REIT to enjoy a variable rental growth component of 1.25% of total gross revenue of the four Indonesian assets in FY 2010, in addition to the annual escalation based on 2 times Singapore CPI (capped at 2%)

**Includes deferred rental income from property under asset enhancement.*

B. Corporate Developments



Corporate developments

Acquisition of new assets in Indonesia

Mochtar Riady Comprehensive Cancer Centre (MRCCC) → acquired on 30 December 2010

Location: Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia



- ▶ A 29-storey, 160-bed hospital (expandable to a maximum of 375 beds) with two basement levels
- ▶ Indonesia's first private comprehensive cancer treatment centre equipped with state of the art cancer treatment and diagnostic facilities
- ▶ Located near Plaza Semanggi, the Aryaduta Suites Hotel Semanggi and other international five-star hotels in the central business district, South Jakarta
- ▶ First facility in Indonesia to offer Positron Emission Tomography (PET) scanning, High Intensity Focused Ultrasound (HIFU) and Radio-immunotherapy (RIT)

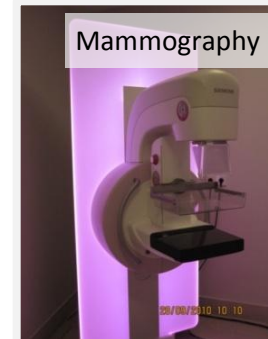
Acquisition cost of S\$174.6 million represents a **discount of 19.2%** to the independent valuation of S\$216.0 million

Corporate developments

Acquisition of new assets in Indonesia

Mochtar Riady Comprehensive Cancer Centre (MRCCC) → acquired on 30 December 2010

Indonesia's first international standard private cancer centre and treatment facilities with the most complete state of the art equipment and the latest generation of smart IT-systems



Property Summary

Property Use	A 29-storey hospital with two basement levels and a hospital
Master title details	HGB (Right to Build) No. 277/Karet Semanggi expiring 27 August 2035 <i>Note: HGB title, scheduled to expire on 27 August 2015, was extended for a period of 20 years on 13 December 2010</i>
Hospital beds	160 to be expanded to maximum of 375
Parking Bays	303 carpark lots
Lease Term	15 years and a renewal for a further term of 15 years on terms to be agreed
Age of building	Building expected to be completed in December 2010
Commencement base rent	S\$18,635,000 per annum
Gross Floor Area ("GFA") (sq m)	37,933 (excluding parking area of 14,769), subject to survey
Valuation by KJPP Willson & Rekan	S\$216.0 million

Corporate developments

Acquisition of new assets in Indonesia

Siloam Hospitals Lippo Cikarang → acquired on 31 December 2010

Location: Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia

- ▶ A six-storey, 75-bed hospital (expandable to a maximum of 126 beds) situated in the growing residential and industrial areas of East Jakarta
- ▶ Offers a broad range of quality general and specialist services, including A&E services, with Centres of Excellence in Urology, Internal Medicine and Trauma
- ▶ Also offers general, orthopedic, neurology, urology, thorax and cardiovascular surgery
- ▶ Well-respected for its Pediatric Neonatal Intensive Care Unit which treats pre-mature and sick babies



Acquisition cost of S\$35.9 million represents a **discount of 13.1%** to the independent valuation of S\$41.3 million

Corporate developments

Acquisition of new assets in Indonesia

Siloam Hospitals Lippo Cikarang → acquired on 31 December 2010

Committed to providing a broad range of quality general and specialist services, including Accident and Emergency services

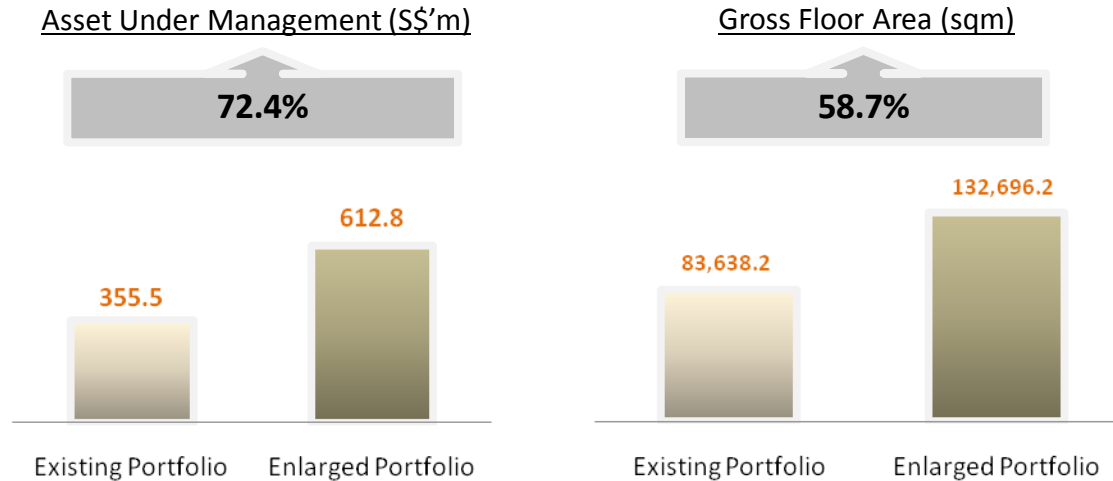


Property Summary

Property Use	A six-storey hospital with a basement and covered roof space
Master title details	HGB title expiring 5 May 2023
Hospital beds	75 to be expanded to a maximum of 126
Parking Bays	80 carpark lots and 300 motorcycle lots
Lease Term	15 years and a renewal for a further term of 15 years on terms to be agreed (subject to renewal of HGB title)
Age of building	Approximately eight years
Commencement base rent	S\$3,768,000 per annum
Gross Floor Area ("GFA") (sq m)	11,125, subject to survey
Valuation by KJPP Damianus Ambur	S\$41.3 million

Enlarged asset base

Increased absolute size of asset base will **enhance First REIT's profile and competitive positioning**

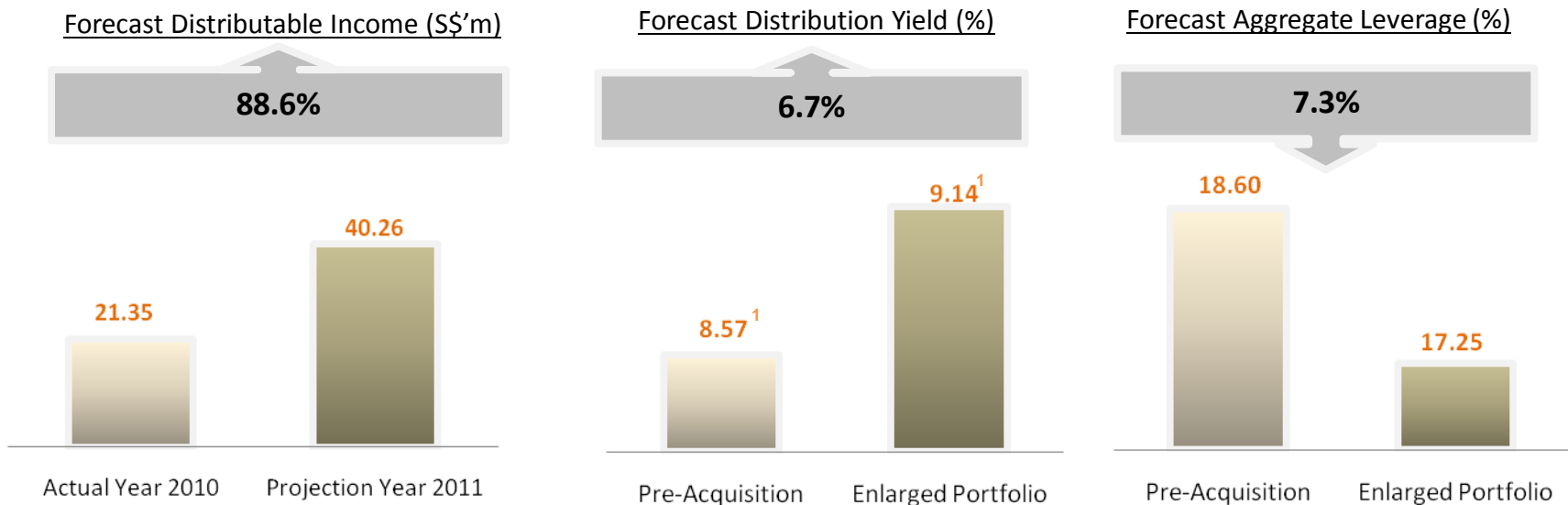


• As at 31 December 2010.

- ▶ Expected to enhance First REIT's overall capital management flexibility, and facilitate future acquisitions
- ▶ Expected to benefit First REIT by improving diversification of Gross Rental Income
- ▶ The operator of MRCCC and SHLC – Lippo Karawaci – will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent

Expected increase in distribution yield

Yield accretive acquisitions with expected increase in distribution yield to unitholders from Projection Year 2011



¹ Distribution yield before the Acquisitions and Rights Issue is calculated based on share price of S\$0.95 per unit as at 4 Nov 2010 whereas the distribution yield after the Acquisitions and the Rights Issue is based on the TERP of S\$0.70 per unit.

- ▶ New Rights subscribers will be entitled to distribution for the period October to December 2010
- ▶ Strengthens First REIT's financial position with sufficient capability for debt financing should the need arise in the future

Key financial projections for 2011

DPU		
	Before the Transactions	After the Transactions
Distributable income (S\$'000)	22,678	40,255
Units in issue and to be issued ('000)	278,452	629,262
DPU (Singapore cents)	8.14	6.40
Distribution yield (%)	8.57⁽¹⁾	9.14⁽²⁾

1) Based on the actual DPU divided by the Closing Price of S\$0.95 per Unit as at 4 Nov 2010.

2) Based on the adjusted DPU divided by the TERP of S\$0.70 per Unit.

NAV per unit		
	Before the Transactions	After the Transactions
NAV (S\$ '000)	269,574	474,480
Units in issue and to be issued ('000)	278,452	629,262
NAV per Unit (S\$)	0.97	0.75

Capitalisation		
(S\$'000)	Before the Transactions	After the Transactions
Total debt	69,323	108,989
Total Unitholders' funds	269,574	474,480
Total Capitalisation	338,897	583,469

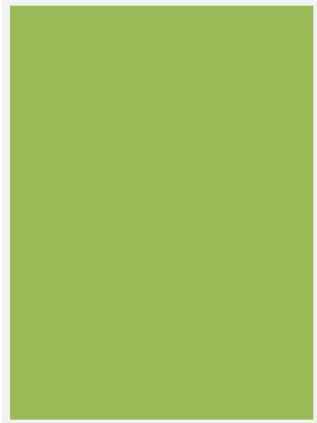
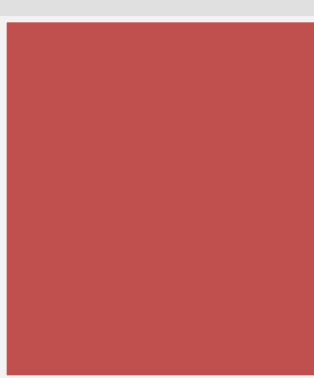
- ▶ No short-term debt
- ▶ No refinancing until mid-2012

Loan-to-value

Existing Properties				With the Transactions
(S\$'000)	Audited Year 2009	Unaudited Year 2010	Projection Year 2011	Projection Year 2011
Total debt	52,301	*57,350	69,323	108,989
Total assets	354,652	654,571	372,732	631,684
LTV	14.75%	8.76%	18.60%	17.25%

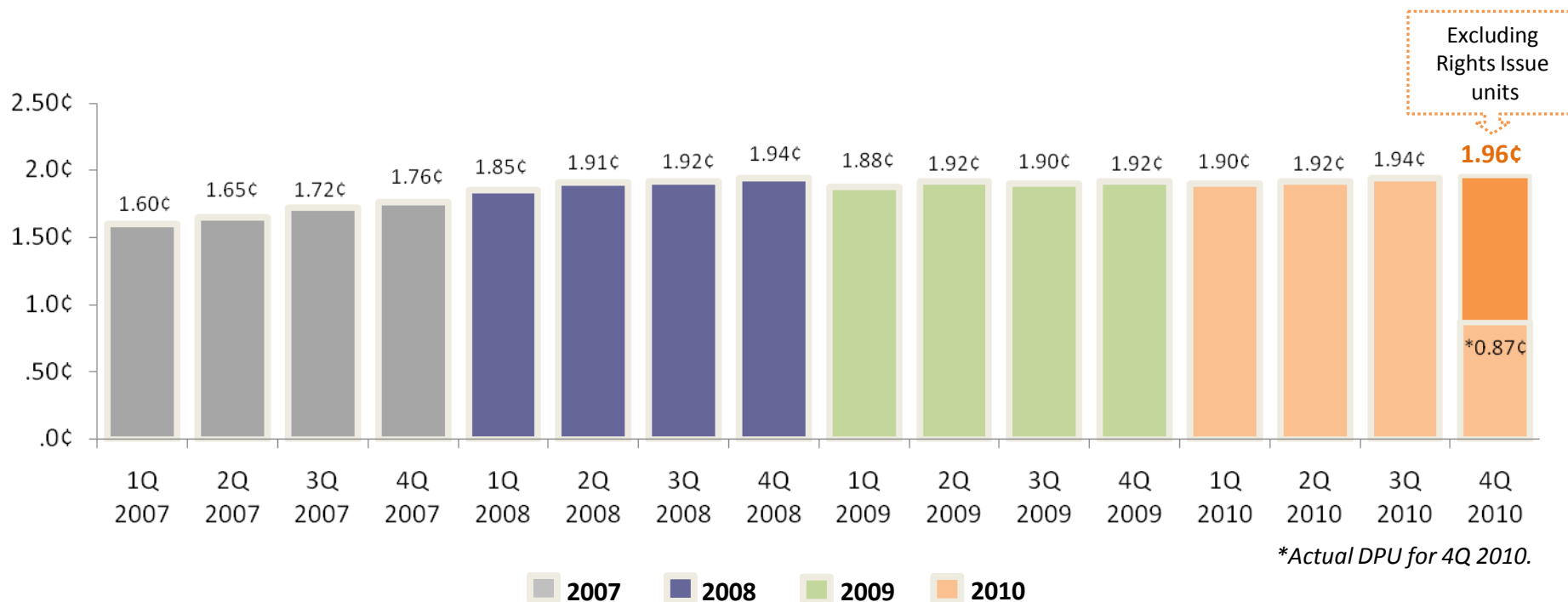
* Does not include the new OCBC Bank term loan facility of S\$50.0 million, which will be drawn down to fund the balance payment of the MRCCC Acquisition.

C. DPU & price comparison



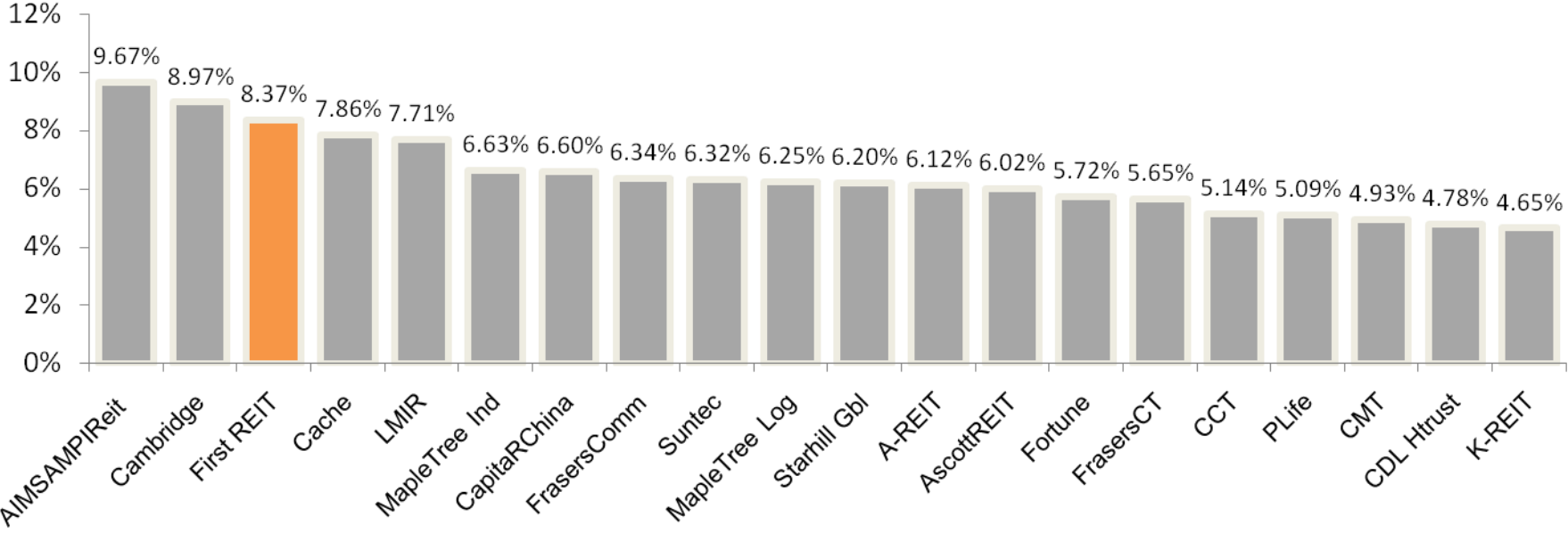
Consistent DPU

Quarterly DPU breakdown



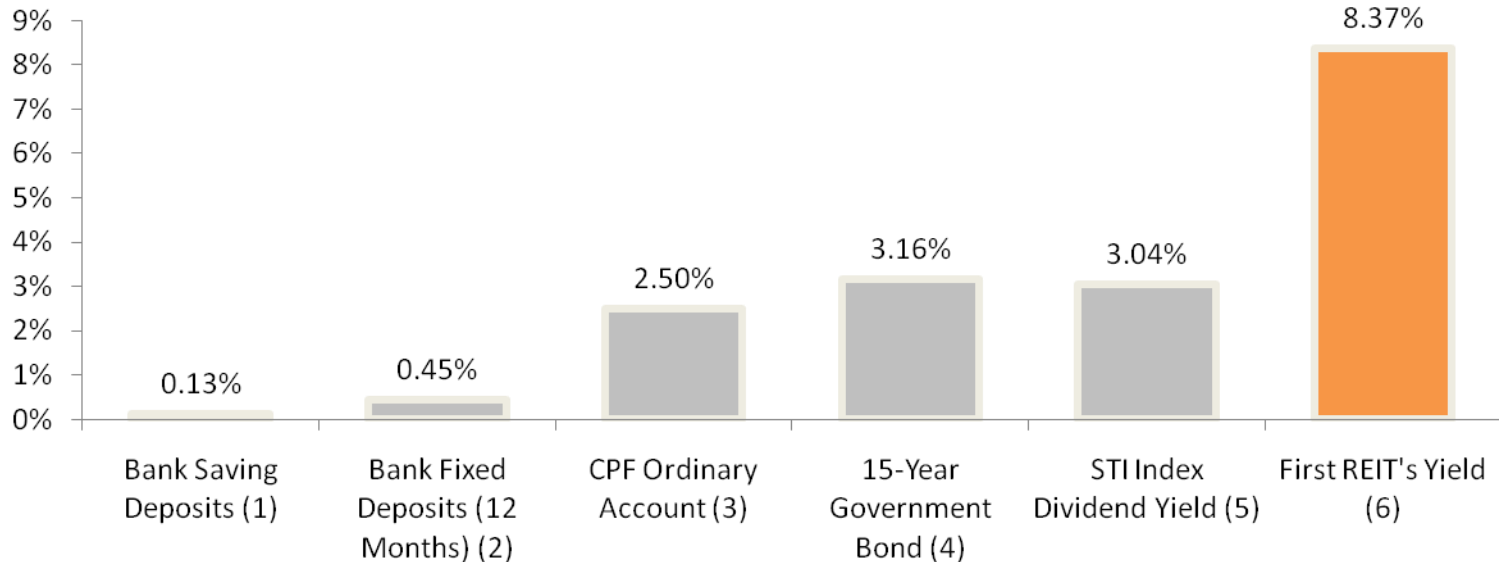
- ▶ Distribution per unit is lower in 4Q 2010 due to the issuance of 345,664,382 Rights Units on 31 December 2010 in relation to the acquisitions of MRCCC and SHLC
- ▶ Holders of new rights units will be entitled to 4Q 2010 distribution, but the properties only start to contribute to earnings and distributions in 2011
- ▶ For Unitholders who subscribed to the new rights units, the effective distribution per unit would be equivalent to 1.96 cents.

S-REIT Yield comparison



First REIT yield: based on DPU of 6.4 Singapore cents for Projection year 2011 and the closing price of S\$0.765 on 19 Jan 2011.

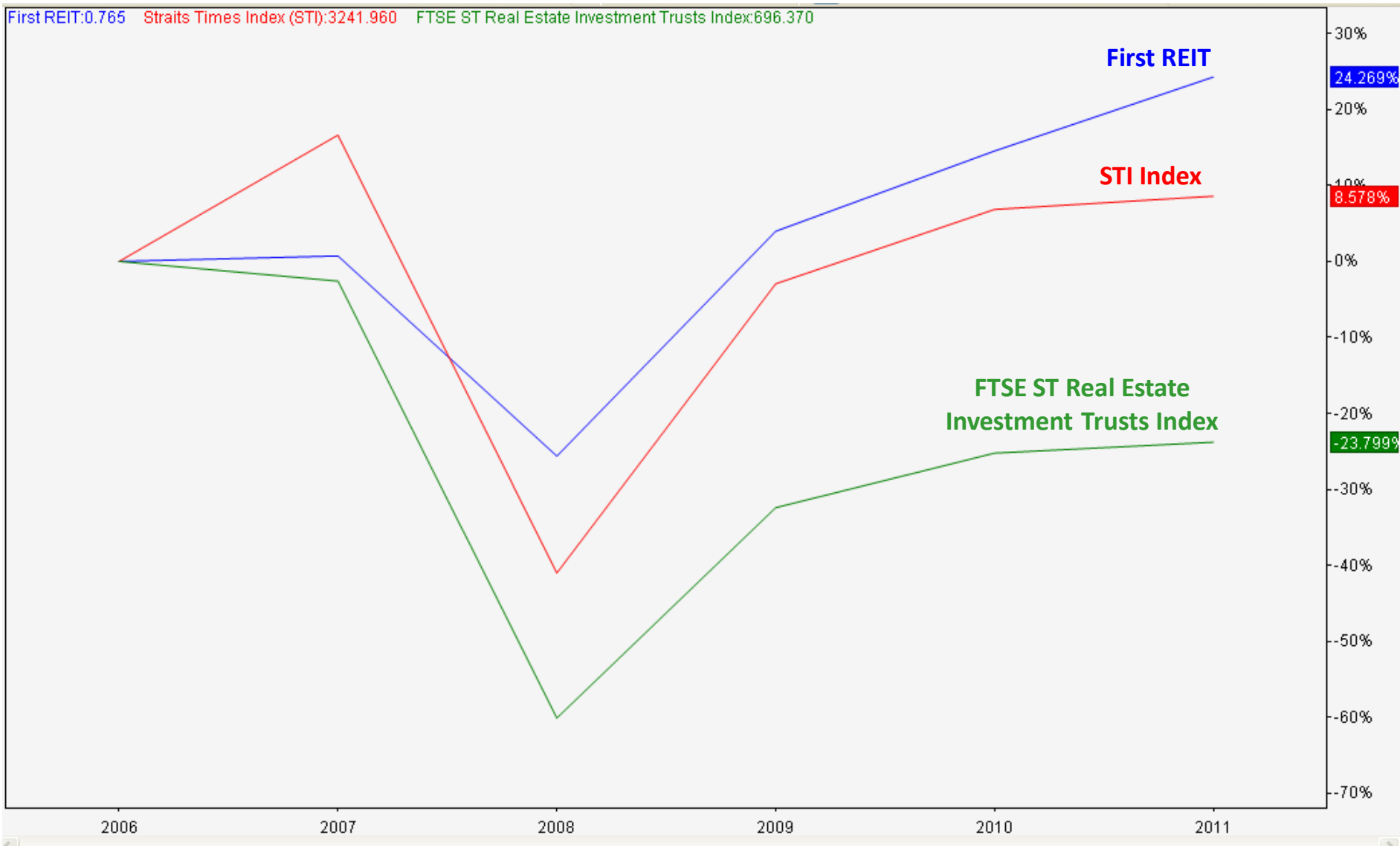
Attractive yield



Note:

- (1) Interest rate for bank savings deposits as at 31 Dec 2010. Source: MAS website.
- (2) Interest rate for bank fixed deposits (12 months) as at 31 Dec 2010. Source: MAS website.
- (3) Interest paid on Central Provident Fund ordinary account for 1 Jan – 31 Mar 2011. Source: CPF website.
- (4) Singapore Government Securities bond yield as at 11 Jan 2011. Source: MAS website.
- (5) Based on Bloomberg data as at 19 Jan 2011.
- (6) Based on DPU of 6.4 Singapore cents for Projection year 2011 and the closing price of S\$0.765 on 19 Jan 2011.

First REIT vs STI Index vs FTSE ST REIT Index



As at 19 Jan 2011.

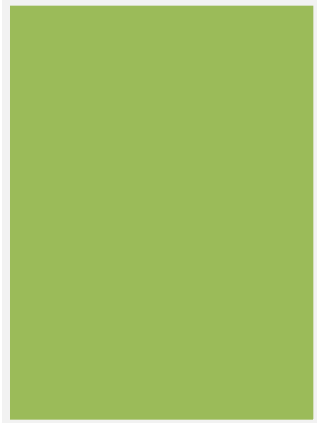
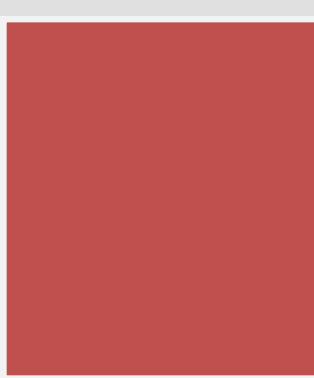
Distribution details

Since listing in Dec 2006, First REIT has maintained a payout policy of 100% of distributable income

1 Oct 2010 -
31 Dec 2010

Distribution Per Unit	0.87¢
- Taxable	0.07¢
- Tax-Exempt	0.72¢
- Capital	0.08¢
Book Closure Date	31 January 2011
Distribution Payment Date	28 February 2011

D. Capital management



Healthy balance sheet

Balance sheet has strengthened after completion of rights issue and completion of the 2 new acquisitions

	In S\$'000	As at 31 Dec 2010	As at 31 Dec 2009
Assets	Non-current	612,800	340,910
	Current	41,771	13,742
	Total	654,571	354,652
Liabilities	Non-current	94,206	73,380
	Current	*81,273	10,245
	Total	175,479	83,625
	Unitholders' Funds	479,092	271,027
	NAV/unit	**77.00¢	98.39¢

* Includes a S\$50 million balance payable to the Vendor for the MRCCC acquisition. When the new OCBC Bank term loan facility is drawn down to repay this amount, the balance will be reduced to S\$31.273 million.

** Based on enlarged unit base as a result of the rights issue.

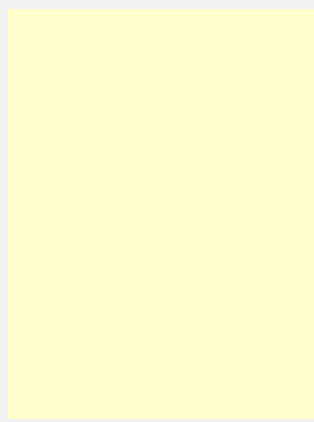
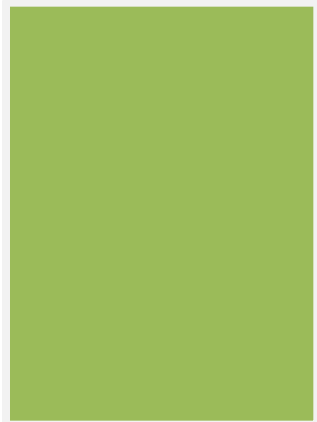
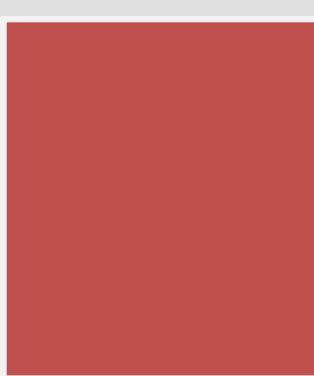
Borrowings are secured by property assets

	As at 31 Dec 2010	As at 31 Dec 2009
Total Debt *	S\$57.7 million	S\$52.8 million
Interest Cover	11.6 times	13.5 times
Debt-to-Property	9.4%	15.5%

** before transaction costs*

- ▶ When the new OCBC Bank term loan facility of S\$50.0 million is drawn down to fund the balance payment of the MRCCC Acquisition, gearing will rise to about 17%, which is still much lower than the regulatory limit of 35%

E. Portfolio highlights



Portfolio highlights



Indonesia

- 5 hospital properties with 1,112 beds
- 1 hotel and country club with 197 saleable rooms

- **15-year leases** with option to renew for 15 years
- Nearest date of renewal: Dec 2021







Singapore

- 3 nursing homes with 672 beds
- 1 new hospital / specialist centre* to be completed by mid-2011

- **10-year leases** with option to renew for 10 years
- Nearest date of renewals: Apr 2017



* Currently under asset enhancement.

	Mochtar Riady Comprehensive Cancer Centre 	Siloam Hospitals Lippo Cikarang 	Siloam Hospitals Lippo Village 	Siloam Hospitals Kebon Jeruk 	Siloam Hospitals Surabaya 	Imperial Aryaduta Hotel & Country Club 
Type	Hospital	Hospital	Hospital	Hospital	Hospital	Hotel & Country Club
Land Area	4,145 sqm	9,900 sqm	17,442 sqm	11,470 sqm	6,862 sqm	54,410 sqm
Gross Floor Area ("GFA")	37,933 sqm	11,125 sqm	27,284 sqm	18,316 sqm	9,227 sqm	17,427 sqm
Purchase Price	S\$174.3 million	S\$35.9 million	S\$94.3 million	S\$50.6 million	S\$16.8 million	S\$21.2 million
Appraised Value¹	S\$216.0 million	S\$41.3 million	S\$147.3 million	S\$82.0 million	S\$29.7 million	S\$34.1 million
Annual Rental	S\$18,635,000	S\$3,768,000	S\$13,218,000	S\$7,491,000	S\$2,962,000	S\$3,634,000
Full Bed Capacity	375	126	250	186	175	197
No. of Staff	32 full time & part time doctors and 54 nurses & medical staff	75 full time & part time doctors, 115 nurses and 70 paramedics	211 full time & part time doctors and 397 nurses & medical staff	211 specialist doctors and 328 nurses & medical staff	257 full time & part time doctors and 249 nurses & medical staff	--
Year of Building Completion	2010	2002	1996	1991	1977	1994
Centre of Excellence	Oncology Digestive Unit	Occupational Medicine	Neuro-science centre, Heart centre	Urology centre, Orthopaedics	Fertility centre, Stroke centre	--
Lease Terms	15 years with option to renew for 15 years wef 8 Nov 2010	15 years with option to renew for 15 years wef 8 Nov 2010	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006

- 1: Appraised by KJPP Hendra Gunawan & Rekan in association with Colliers International as at 28 December 2010.

	Pacific Healthcare Nursing Home @ Bukit Merah	Pacific Healthcare Nursing Home II @ Bukit Panjang	The Lentor Residence	Proposed Pacific Cancer Centre @ Adam Road*
				
Type	Nursing Home	Nursing Home	Nursing Home	Hospital / Cancer Centre
Land Area	1,984 sqm	2,000 sqm	2,486 sqm	1,818 sqm
Gross Floor Area ("GFA")	3,593 sqm	3,563 sqm	2,983 sqm	-
Purchase Price	S\$11.8 million	S\$11.5 million	S\$12.8 million	-
Appraised Value¹	S\$11.1 million	S\$11.0million	S\$12.1 million	S\$28.2 million
Annual Rental	S\$971,000	S\$947,000	S\$1,051,000	S\$1,220,000
Full Bed Capacity	259	265	148	-
Year of Building Completion	2004	2006	1999	To be completed in mid-2011
Title	30 years leasehold from 22 Apr 2002	30 years leasehold from 14 May 2003	99 years leasehold from 20 Aug 1938	Freehold
Lease Terms	10 years with option to renew for 10 years wef 11 Apr 2007	10 years with option to renew for 10 years wef 11 Apr 2007	10 years with option to renew for 10 years wef 8 Jun 2007	New 10-year lease with option to renew for 10 years from date of completion

• 1: Appraised by CB Richard Ellis (Pte) Ltd as at 28 December 2010.

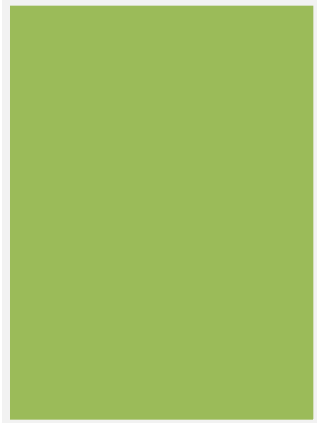
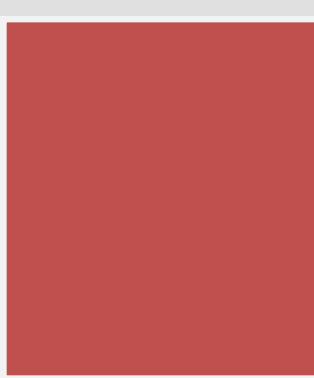
* Formerly known as Adam Road Hospital, currently under redevelopment.

Portfolio breakdown

Description	Country	Valuation (S\$m)					% (2010)
		2006	2007	2008	2009	2010	
Siloam Hospitals Lippo Village	Indonesia	132.5	139.0	138.5	146.8	147.3 ¹	24.0%
Siloam Hospitals Kebon Jeruk	Indonesia	71.2	75.1	74.1	81.2	82.0 ¹	13.4%
Siloam Hospitals Surabaya	Indonesia	23.6	25.8	26.2	27.4	29.7 ¹	4.9%
Imperial Aryaduta Hotel & Country Club	Indonesia	29.8	31.8	32.2	30.9	34.1 ¹	5.6%
Mochtar Riady Comprehensive Cancer Centre	Indonesia	-	-	-	-	216.0	35.2%
Siloam Hospitals Lippo Cikarang	Indonesia	-	-	-	-	41.3	6.7%
Subtotal		<u>257.1</u>	<u>271.7</u>	<u>271.0</u>	<u>286.3</u>	<u>550.4</u>	<u>89.8%</u>
Pacific Healthcare Nursing Home @ Bukit Merah	Singapore	-	12.0	12.0	11.4	11.1 ¹	1.8%
Pacific Healthcare Nursing Home II @ Bukit Panjang	Singapore	-	11.4	11.4	11.1	11.0 ¹	1.8%
The Lentor Residence	Singapore	-	13.0	13.0	12.5	12.1 ¹	2.0%
Proposed Pacific Cancer Centre @ Adam Road	Singapore	-	17.5	17.5	19.6	28.2 ¹	4.6%
Subtotal		-	<u>53.9</u>	<u>53.9</u>	<u>54.6</u>	<u>62.4</u>	<u>10.2%</u>
Grand Total		<u>257.1</u>	<u>325.6</u>	<u>324.9</u>	<u>340.9</u>	<u>612.8</u>	<u>100%</u>

¹ As at 28 December 2010.

F. Business prospects



Backed by a resilient Trust structure

- ▶ First REIT's resilient Trust structure and prudent capital management strategy have ensured that Unitholders continue to enjoy a stable and sustainable distribution income.

Growth via acquisitions

- ▶ First REIT expects its acquisition growth to gain momentum as it continues to be on the lookout for new yield-accretive healthcare-related properties.
- ▶ The Trust will endeavour to deliver greater Unitholder's value by expanding its portfolio whilst sharpening its capital management.

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

Thank You

Q&As

