



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

ANNOUNCEMENT

SALE OF ADAM ROAD HOSPITAL, NO 19 ADAM ROAD SINGAPORE 289891 (THE "ADAM ROAD INVESTMENT PROPERTY")

1. Sale of the Adam Road Investment Property

Bowsprit Capital Corporation Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**") and as manager of First REIT, the "**Manager**") wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the "**Trustee**") has on 23 February 2011 entered into a sale and purchase agreement (the "**SPA**") with Fortis Healthcare Singapore Pte. Limited (the "**Purchaser**") and Fortis Global Healthcare Holdings Pte. Ltd. (the "**Guarantor**") for the sale of Adam Road Hospital located at No 19 Adam Road Singapore 289891 (the "**Adam Road Investment Property**") and the sale of the Adam Road Investment Property, the "**Sale**") to the Purchaser for a sale consideration of S\$33.0 million (the "**Sale Consideration**").

The Sale Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account the Adam Road Investment Property's fair value of S\$28.2 million as at 28 December 2010, other comparable market transactions and the prevailing market conditions. The market valuation of S\$28.2 million as at 28 December 2010 was carried out by CB Richard Ellis (Pte) Ltd using the residual cash flow valuation method. This valuation report was commissioned by the Trustee as part of First REIT's annual valuation exercise of its portfolio of properties.

2. The Adam Road Investment Property

The Adam Road Investment Property is a proposed modern three-storey Cancer Centre (with basement level). It is located at close proximity to the Pan-Island Expressway and Bukit Timah Expressway and within walking distance to the proposed Circle Line MRT and Botanic Gardens Station and is easily and conveniently accessible.

3. Principal terms of the Sale

The principal terms of the SPA include, among others, the following:

- (i) the sale consideration of the Adam Road Investment Property is S\$33.0 million¹;

¹ Exclusive of goods and services tax ("**GST**"). All GST payable in respect of the Sale Consideration shall be borne by the Purchaser.

- (ii) under the SPA, a deposit of 8.0% of the Sale Consideration will be paid to the Trustee's solicitors as stakeholders on the date of the Purchaser's execution of the SPA. The balance of the Sale Consideration shall, subject to certain conditions, be paid by the Purchaser to the Trustee on completion of the Sale ("**Completion**") by way of cashier's order(s).
- (iii) in consideration of the Trustee at the request of the Guarantor entering into the SPA with the Purchaser, the Guarantor unconditionally:
 - (a) guarantees the due performance by the Purchaser of all its covenants and obligations under the SPA (the "**Purchaser's Obligations**");
 - (b) guarantees to the Trustee the punctual payment to the Trustee of the Sale Consideration and all other moneys (if any) owing by the Purchaser to the Trustee under the SPA; and
 - (c) indemnifies the Trustee against any loss or liability the Trustee incurs arising from or connected with the Purchaser's Obligations.

The Sale is expected to be completed by March 2011.

4. Other agreements entered into pursuant to the Sale

In connection with the Sale, the following has also been entered into:

- (i) a deed between the Trustee, Health Promise Pte. Ltd. (formerly known as Pacific Hospitals consultants Pte. Ltd., the tenant of Adam Road Investment Property (the "**Tenant**") and Pacific Healthcare Holdings Ltd ("**PHHL**"), a company listed on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") to terminate the Collaboration Agreement² (the "**Deed of Termination of Collaboration**");
- (ii) a deed between the Trustee and the Tenant for the surrender of the lease dated 23 July 2007 between the Trustee and the Tenant in respect of the Adam Road Investment Property (the "**Deed of Surrender of Lease**"); and
- (iii) an agreement between the Trustee, the Purchaser and Boustead Projects Pte Ltd ("**Boustead**") to novate to the Purchaser an agreement dated 30 October 2009 between the Trustee and Boustead in respect of the provision of design and construction works on the Adam Road Investment Property (the "**Main Contract**" and the agreement to novate the Main Contract to the Purchaser, the "**Novation Agreement**").

5. Rationale for the Sale

After evaluating various asset options and Singapore's property market conditions, the Manager believes that the best option to unlock the maximum value of the Adam Road Investment Property for First REIT is to divest it to another party.

² "**Collaboration Agreement**" refers to the collaboration agreement entered into between the Trustee, the Tenant and PHHL 30 October 2009 for the enhancement (the "**Enhancement**") of the Adam Road Investment Property.

The Manager believes that the Sale will bring the following key positives to unitholders of First REIT (“**Unitholders**”):

- (i) First REIT’s cash position and financial flexibility will be strengthened. The Sale will provide First REIT with a net cash gain of approximately S\$8.3 million after taking into account divestment fees payable to the Manager, other related cost and repayment of the loan taken for the acquisition of the Adam Road Investment Property (the “**Loan**”);
- (ii) First REIT’s gearing will be decreased. The proceeds of the Sale will be used to the repay the Loan. With such repayment, First REIT’s gearing will decrease from 17.6% to 14.2%; and
- (iii) Realisation of the value of the Adam Road Investment Property above its valuation. The Sale is 17.0% or S\$4.8 million, above its latest valuation of S\$28.2 million as at 28 December 2010 by CB Richard Ellis (Pte) Ltd and 52.1% or \$11.3 million higher than its cost of S\$21.7 million as at 31 December 2010.

6. Use of Proceeds

The Sale will provide First REIT with a net cash gain of approximately S\$8.3 million after taking into account divestment fees payable to the Manager, other related cost and repayment of the Loan. The sale proceeds will provide First REIT with greater financial flexibility to pursue other possible attractive acquisition opportunities and/or to repay debt.

7. Financial Effects of the Sale

7.1 Assumptions

The pro forma financial effects of the Sale presented below are strictly for illustration purposes and do not reflect the actual financial position of the First REIT group (the “**Group**”) after completion of the Sale. They have been prepared based on the unaudited financial statements of the Group as at 31 December 2010, taking into account the Sale Consideration.

7.2 Net Gain

First REIT is expected to recognise an estimated gain on the Sale of approximately S\$8.3 million.

7.3 Pro Forma NAV

Assuming that the Sale had been completed on 31 December 2010, the Sale would have increased the net asset value of First REIT per unit in First REIT by S\$0.01 or 1.3%.

Adjusted NAV per unit in First REIT (“Unit”)	As at 31 December 2010
Before adjusting for the Sale	S\$0.77
After adjusting for the Sale	S\$0.78

7.4 Pro Forma DPU

Assuming that the Sale had been completed on 1 January 2010, the DPU would have decreased by 0.14 cents or 2.1% for the financial period from 1 January 2010 to 31 December 2010.

Distribution per Unit	Year ended December 2010
Before adjusting for the Sale	6.63 cents
After adjusting for the Sale	6.49 cents

Assuming that the Sale had been completed on 1 January 2010 and further assuming that the estimated gain on the Sale of approximately S\$8.3 million had been distributed for the financial period 1 January 2010 to 31 December 2010, the DPU would have increased by 2.43 cents or 36.7% for the financial period from 1 January 2010 to 31 December 2010.

Distribution per Unit	Year ended December 2010
Before adjusting for the Sale	6.63 cents
After adjusting for the Sale	9.06 cents

8. Interests of Directors and Controlling Unitholders

None of the directors of the Manager or controlling Unitholders have an interest, direct or indirect, in the Sale.

9. Other Information

9.1 Director's Services Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Sale or any other transaction contemplated in relation to the Sale.

9.2 Disclosure under Rule 1010(13) of the Listing Manual

9.2.1 Chapter 10 of the Listing Manual classifies transactions into (i) non-discloseable transactions, (ii) disclosure transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, *inter alia*, the following bases:

- (i) the net asset value of the assets to be disposed of, compared with the Group's net asset value;
- (ii) the net profits attributable to the assets disposed of, compared with the Group's net profits;
- (iii) the aggregate consideration received, compared with First REIT's market capitalisation; and
- (iv) The number of Units issued by the Manager (on behalf of First REIT) as consideration for an acquisition, compared to the number of Units previously in issue.

- 9.2.2** Based on the unaudited financial statements of the Group as at 31 December 2010, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(i) above is 5.9%.
- 9.2.3** Based on the unaudited financial statements of the Group as at 31 December 2010 and excluding the change in fair value of investment properties net of deferred tax, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(ii) above is 2.7%.
- 9.2.4** Based on the Sale Consideration of S\$33.0 million and First REIT's market capitalisation of approximately S\$451.8 million as at 22 February 2011 (being the market day preceding the date of the SPA), the relative figure for the basis of comparison set out in sub-paragraph 9.2.1(iii) above is 7.3%.
- 9.2.5** The fourth base does not apply as the transaction is not an acquisition.
- 9.2.6** As the relative figures in paragraphs 9.2.2 and 9.2.4 exceed 5%, under Rule 1010(13) of the Listing Manual, the Sale falls within the classification of a discloseable transaction.

9.3 Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 1 Phillip Street, #15-00, Singapore 048692 for a period of three months commencing from the date of this announcement:

- (i) the SPA;
- (ii) the Deed of Termination of Collaboration;
- (iii) the Deed of Surrender of Lease; and
- (iv) the Novation Agreement.

By Order of the Board

Dr Ronnie Tan Keh Poo
Chief Executive Officer
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
(Company registration no. 200607070D)

23 February 2011

Important Notice

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.