

**PRESS RELEASE**

**CONTACT INFORMATION**

**August Consulting**

Tel: (65) 6733 8873 Fax: (65) 6733 9913

HO See Kim, [seekim@august.com.sg](mailto:seekim@august.com.sg)

SNG Nora, [nora@august.com.sg](mailto:nora@august.com.sg)

## **First REIT makes maiden acquisition of three healthcare assets in Singapore for S\$38.2m**

- *All three properties are owned by Pacific Healthcare and its associates*
- *Purchase will expand First REIT's portfolio and improves income diversification*

**SINGAPORE – 22 January 2007 – First Real Estate Investment Trust ("First REIT")**, Singapore's first healthcare real estate investment trust, announced that it has signed put and call option agreements to purchase two nursing homes and a hospital in Singapore for a total purchase consideration of S\$38.2 million.

This marks First REIT's maiden acquisition since its listing on 11 December 2006 on the Main Board of Singapore Exchange Securities Trading Limited (the "SGX-ST").

The three properties consist of two nursing homes located at No. 6 Lengkok Bahru ("Lengkok") and No. 21 Senja Road ("Senja"), as well as a hospital located at No. 19 Adam Road ("Adam"). The Vendors are Pacific Healthcare Nursing Home Pte Ltd ("Pacific Nursing") which owns and manages the Lengkok property, Pacific Eldercare and Nursing Pte Ltd ("Pacific Eldercare") which owns and manages the Senja property and Pacific Hospital Consultants Pte Ltd ("Pacific Consultants") which owns and manages the Adam property. Pacific Healthcare Holdings Ltd ("Pacific Healthcare") owns 40% of Pacific Eldercare and Pacific Consultants and 15% of Pacific Nursing Home.



The deal has been structured on a sale and leaseback basis where the properties will be leased back to the Vendors for 10 years upon the completion of the acquisition, with an option to renew the leases.

The combined annual rental income of the three properties stands at S\$2,979,600. In addition, there will be an annual step-up rental increase throughout the 10-year lease term.

First REIT expects to complete the acquisition of the Lengkok and Senja properties within three months and the Adam property within three to six months.

“This is our first acquisition and demonstrates our commitment to growing First REIT’s healthcare asset base. Not only will this acquisition enlarge First REIT’s existing portfolio property, it also improves income diversification by reducing our reliance on any single country or tenant.

“The acquisition will also contribute steady returns to our cash flow through the long 10-year lease tenure which has a built-in mechanism for annual step-up rental increases” says Dr Ronnie Tan, Chief Executive Officer of Bowsprit Capital Corporation Limited, as manager of First REIT (the “**Manager**”).

The three new properties will be accretive to First REIT’s distribution per unit (“DPU”) and the incremental annualized DPU is 0.193 Singapore cents which translates to 3.03% DPU growth.

First REIT, which has recently established a term loan facility with OCBC Bank, will fund the acquisition through 100% debt financing. Assuming that the acquisitions of all the properties are completed by the second quarter of 2007, First REIT’s gearing as at 30 June 2007 will be raised from 0% to 16.6%.

“Our gearing after the acquisition is still relatively low, giving us financing flexibility to undertake more acquisitions that fit in with our strategy. With a rising demand for quality healthcare, we believe there will be further growth in healthcare facilities for acquisition. We

continue to pursue opportunities in healthcare and healthcare-related assets in Asia that will provide DPU growth and enhance the value of our portfolio,” adds Dr Tan.

### **General Description of the Properties**

#### ***No. 6 Lengkok Bahru, Singapore 159051***



Situated close to Bukit Merah HDB New Town and the Redhill MRT Station, as well as six km away from the City Centre, the property is a four-storey custom built nursing home with 259 beds, a basement carpark and a roof terrace.

It is valued at S\$11.8 million by Colliers International (Singapore) Pte. Ltd as at 15 December 2006. It has a land area of 1,984.3 sqm and a gross floor area (“GFA”) of 3,593.313 sqm. Lease tenure for the land is over 30 years with effect from 22 April 2002.

The nursing home is managed by Pacific Healthcare Nursing Home Pte. Ltd.

*No. 21 Senja Road, Singapore 677736*



Situated close to Bukit Panjang HDB Town Centre and the Senja LRT Station, as well as 18 km away from the City Centre, the property is a five-storey custom built nursing home with 265 beds and 33 carpark lots.

It is valued at S\$11.5 million by Colliers International (Singapore) Pte. Ltd as at 15 December 2006. It has a land area of 2,000 sqm and a GFA of 3,562.94 sqm. Lease tenure for the land is over 30 years with effect from 14 May 2003.

The nursing home is managed by Pacific Eldercare and Nursing Pte. Ltd.

***No. 19 Adam Road, Singapore 289891***



Situated close to the junction of Adam Road and Bukit Timah Road, as well as the future Circle Line Adam MRT Station, the property is 6 km away from the City Centre. The freehold property consists of a 2-storey custom-built hospital with 49 beds, and external carpark lots on the ground level. There is potential to enhance the GFA of Adam Hospital.

It is valued at S\$14.9 million by Colliers International (Singapore) Pte. Ltd as at 15 December 2006. It has a land area of 1,817.9 sqm and a GFA of 1,279.95 sqm.

The hospital is managed by Pacific Hospitals Consultants Pte. Ltd.

***About First REIT***

*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 initial portfolio consists of four properties located in Indonesia, namely, 1) **Siloam Hospitals Lippo Karawaci** (160 operational beds<sup>1</sup>), 2) **Siloam Hospitals West Jakarta** (205 operational beds), 3) **Siloam Hospitals Surabaya** (160 operational beds) and 4) **Imperial Aryaduta Hotel & Country Club** (190 saleable rooms<sup>2</sup>), which is a popular choice with business travellers and also provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as it is located near Siloam Hospitals Lippo Karawaci.*

*Its prime-located healthcare 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.*

*Through First REIT, investors can participate in a new 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.*

*While the assets in its initial portfolio are all located in Indonesia, First REIT's acquisition growth strategy leverages on the expected rising per capita healthcare expenditure in the region by targeting investments in healthcare and/or healthcare-related assets in key cities throughout Asia.*

*First REIT's current distribution policy is to distribute 100.0% of its tax-exempt income (after deduction of applicable expenses) and capital receipts, for the period commencing from its listing date (11 December 2006) to 31 December 2007, and thereafter to distribute at least 90.0% of its tax-exempt income (after deduction of applicable expenses) and capital receipts.*

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<sup>1</sup> The bed capacity of this hospital is 250.

<sup>2</sup> The room capacity of the hotel is 197.



## IMPORTANT NOTICE

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This release may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of management on future events.