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**CONTACT INFORMATION**

**August Consulting**

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

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

FOO Yiting, [yiting@august.com.sg](mailto:yiting@august.com.sg)

**First REIT**

Tel: (65) 6435 0168 Fax: (65) 6435 0167

Victor TAN, [victortan@first-reit.com](mailto:victortan@first-reit.com)

## **First REIT acquires first hospital in South Korea for US\$13 million**

- *Located in Yeosu City – host of 2012 World Expo*
- *Sarang Hospital is known for its rehabilitative treatment and nursing healthcare services and enjoys high occupancy rate*

**SINGAPORE – 8 July 2011** – Bowsprit Capital Corporation Limited, the manager of First Real Estate Investment Trust (“**First REIT**” and as manager of First REIT, the “**Manager**”), Singapore’s first healthcare real estate investment trust, announced today its acquisition of Sarang Hospital (the “**Acquisition**”), one of the largest rehabilitative and nursing facility in Yeosu City, South Korea – the host city for the next World Expo in 2012 – for a purchase consideration of US\$13 million<sup>1</sup>.

A freehold, 217-bed hospital renowned for its rehabilitative treatment and nursing healthcare services, Sarang Hospital is expected to be a yield-accretive acquisition for First REIT, and it will be funded entirely by way of bank loan. Post-acquisition, First REIT’s total asset size is expected to increase to S\$602.6 million, and its gearing is also expected to increase to approximately 16.4% before transaction costs.

Said Bowsprit’s CEO Dr Ronnie Tan, “The quality of healthcare in South Korea is amongst the highest in Asia, supported by top-notch medical professionals, facilities and technology. Operating in such an environment, Sarang Hospital provides a very niche service in rehabilitative care and enjoys a high occupancy rate throughout the year.”

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<sup>1</sup> Equivalent to approximately S\$16 million based on exchange rate S\$1 = US\$0.81

***About Sarang Hospital***

Located in the beach resort city of Yeosu, which has a population of about 300,000, Sarang Hospital is centrally-located and boasts a gross floor area of nearly 5,000 square metres on a total freehold land area of 2,142 square metres. The six-storey building with one basement comprises 217 in-patient beds, clinics, x-ray and ultrasound diagnostic facilities, a rehabilitation centre, cafeteria and restaurant.

***About The Acquisition***

Upon completion of the Acquisition, the master lease agreement for Sarang Hospital will commence for a 10 year lease term, with an option to renew for a further term of 10 years. Sarang Hospital has an attractive initial net property yield in excess of 9%. First REIT's current trading yield based on the closing price of S\$0.795 as at 7 July 2011 is about 8%. The Acquisition's annual rental income is expected to escalate by 2% annually.

The total gross floor area of the enlarged portfolio will increase from 131,451 sqm to 136,433 sqm, and the total number of beds in relation to First REIT's hospital portfolio in Indonesia and Korea will increase from 772 to 989.

***Moving Ahead***

First REIT continues to work towards expanding its portfolio size to S\$1 billion in the next two to three years, as it seeks other yield-accretive assets in Singapore and Indonesia, as well as the rest of the Asia Pacific region.

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### ***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 portfolio consists of a total of nine properties (the "Existing Portfolio") with six properties located in Indonesia, 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**, and 6) **Siloam Hospitals Lippo Cikarang** and three properties located in Singapore, namely 1) **Pacific Healthcare Nursing Home @ Bukit Merah**, 2) **Pacific Healthcare Nursing Home II @ Bukit Panjang** and 3) **The Lentor Residence**.*

*Its Indonesian 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. 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. Both operators are companies in which Pacific Healthcare Holdings Limited have substantial interest. The Lentor Residence is operated by First Lentor Residence Pte. Ltd..*

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

### **Important Notice**

The value of units in First REIT ("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 of First REIT may only deal in their Units through trading on Singapore Exchange Securities Trading Limited (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.