

**PRESS RELEASE**

**CONTACT INFORMATION**

**August Consulting**

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

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

WANG Dawn, [dawn@august.com.sg](mailto:dawn@august.com.sg)

## **First REIT acquires 3<sup>rd</sup> Singapore nursing home (51 Lentor Avenue) for S\$12.8 million**

- *Marks the Group's 4th acquisition in Singapore*
- *Expected incremental annualized distribution per unit of 0.067 Singapore cents*

**SINGAPORE – 1 June 2007 – First Real Estate Investment Trust (“First REIT”)**, Singapore’s first healthcare real estate investment trust, announced that it has entered into a conditional Option Agreement (“Option Agreement”) for the acquisition and lease of a nursing home at 51 Lentor Avenue (the “Property”) for S\$12.8 million.

This latest move follows First REIT’s acquisition of two nursing homes and a hospital in Singapore in January 2007.

The Option Agreement was entered into with the Vendor - Sphere Investment Pte Ltd, which currently owns the four storey custom-built 148-bed nursing home with a land area of 2,485.6 square metres and gross floor area of 2,982.72<sup>1</sup> square metres. Upon the completion of the acquisition, First REIT will in turn lease the Property to First Lentor Residence Pte Ltd for 10 years at a commencement rental income of S\$998,400 per annum, with an option to renew the lease before the expiry. In addition, First REIT will enjoy annual step up rental increases in the subsequent years for up to 10 years.

Merrill Lynch(Singapore) Pte Ltd and Oversea-Chinese Banking Corporation Ltd were the joint lead managers and underwriters of the initial public offering of units in First REIT
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<sup>1</sup> Subject to the survey currently being undertaken.



First REIT, which expects the acquisition to be completed by June 2007, estimates that Property will give rise to an incremental annualised distribution per unit (“DPU”) of 0.067 cents.

“This acquisition will represent our third nursing home in Singapore. We will continue to identify acquisition targets for modern and purpose-built nursing homes in Singapore as they provide relatively high yield with stable and high occupancy,” said Dr Ronnie Tan, Chief Executive Officer of Bowsprit Capital Corporation Limited, as manager of First REIT (the “Manager”).

Dr Tan added, “Not only will this acquisition further strengthen our income stream, it will also enlarge First REIT’s asset portfolio, raising it to S\$293.1 million once the deal is completed. This will expand our asset base by 14% since our IPO in December 2006. Our investment goal is clear – to grow our asset base to S\$500 million within 3 years from the initial public offer, focusing on quality healthcare assets in Asia. Based on the acquisition momentum we have set, and the pipeline of acquisitions which we are currently negotiating, we believe we are on track to achieve our target.”

The acquisition will be fully funded by debt via the proceeds of a S\$90 million term loan from Oversea-Chinese Banking Corporation set up on 11 January 2007. Assuming that the acquisition is successfully completed by June 2007, First REIT’s gearing will be raised from the current 7.88% to 11.68% as at 30 June 2007.

“Our gearing after the acquisition will still be relatively low, giving us financing flexibility to undertake more acquisitions that fit in with our strategy. We will continue to look out for quality healthcare assets in different parts of Asia so as to reduce our reliance on any single country or type of tenants,” added Dr Tan.

First REIT believes that it is well positioned to benefit from Asia’s growing healthcare industry, supported by rising life expectancies in the region, increasing consolidation within the Asian healthcare industry, as well as the growing demand for healthcare services. It

remains confident of delivering on its FY2007 forecast distribution of 6.51 cents as indicated in First REIT's prospectus dated 4 December 2006.

### General Information on 51 Lentor Avenue



<i><b>Parameters</b></i>	<i><b>Description</b></i>
Property type	4-storey custom-built nursing home with a basement carpark and a roof terrace
Appraised Value	S\$12.8 million by Colliers International as at 7 May 2007
Master Plan Zoning (2003 Edition)	Health and Medical Care
Current usage	Nursing home with 148 beds
Land Area	2,485.6 sqm
Date of Completion of Building	17 March 1999 (CSC date)
Land Lease tenure	99 years with effect from 20 August 1938
Plot Ratio utilized	1.2
Gross Floor Area	2,982.72 sqm – subject to survey currently being undertaken

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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 six properties located in Singapore and Indonesia, namely, 1) **Lengkok Nursing Home**, 2) **Senja Nursing Home**, 3) **Siloam Hospitals Lippo Karawaci** (160 operational beds<sup>2</sup>), 4) **Siloam Hospitals Kebon Jeruk** (formerly known as Siloam Hospitals West Jakarta) (205 operational beds), 5) **Siloam Hospitals Surabaya** (160 operational beds), and 6) **Imperial Aryaduta Hotel & Country Club** (190 saleable rooms<sup>3</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 Singapore assets are operated by associates of Pacific Healthcare Holdings Limited while 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.*

*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 located in only Singapore and 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.*

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<sup>2</sup> The bed capacity of this hospital is 250.

<sup>3</sup> The room capacity of the hotel is 197.



*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.*

## **IMPORTANT NOTICE**

The value of units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request that the Manager redeem or purchase 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 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.