FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

FOR IMMEDIATE RELEASE

First REIT strengthens portfolio with acquisition in strategically-located port city on Buton Island, Indonesia

- *Proposed acquisition of Siloam Hospitals Buton and Lippo Plaza Buton at a purchase consideration of S$28.5 million, a 2.4% discount to the higher of two independent valuations*
- *The initial base rent of S$2.84 million per annum translates to an attractive rental yield of 10.0%*
- *The acquisition will bolster First REIT's portfolio to 19 income producing properties and expand asset size by 2.4% to S$1.30 billion*

SINGAPORE – 20 July 2017 – Bowsprit Capital Corporation Limited ("**Bowsprit**"), the manager of **First Real Estate Investment Trust** ("**First REIT**" or the "**Trust**", and as manager of First REIT, the "**Manager**"), today announced that First REIT, through its wholly-owned subsidiary, SHButon Investment I Pte. Ltd., has entered into a conditional sale and purchase agreement with PT Andromeda Sakti (the "**Vendor**"), an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, the sponsor of First REIT ("**Lippo Karawaci**" or the "**Sponsor**") for the proposed acquisition of an integrated property on Buton Island, Indonesia.

The integrated property comprises Siloam Hospitals Buton with ancillary healthcare-related space ("**SHBN**") and a connected retail mall, Lippo Plaza Buton ("**LPB**", and together with SHBN, the "**Property**"). The purchase consideration of approximately S$28.5 million is at a 2.4% discount to S$29.2 million, which is the higher of two independent valuations of the Property[1]. The Manager intends to finance the acquisition by a combination of a drawdown from First REIT's committed debt facilities and internal cash.

This is the Trust's second acquisition comprising a hospital and a connecting retail mall following the acquisition of the Kupang Property in 2015. The mall complements the hospital and provides retail amenities to its patients and their accompanying families and friends from both Buton Island and other parts of Southeast Sulawesi.

Commenting on the proposed acquisition, Mr Victor Tan, Executive Director and Acting Chief Executive Officer of Bowsprit said, "This Property presents a great opportunity for the Trust to invest in a hospital that is attractive, high quality and integrated with a complementary mall in a strategic location in the city of Bau Bau on Buton Island, which is a port city that serves as a liaison between West and East of Indonesia, as well as the

[1] KJPP Rinaldi, Alberth, Baroto & Partners has independently valued the Property at S$29.2 million as at 1 May 2017 and KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE Pte. Ltd.) has independently valued the Property at S$28.5 million as at 1 May 2017.

needs of people in Southeast Sulawesi. It would also diversify our portfolio and mark the extension of First REIT's portfolio in the island of Sulawesi, adding to two existing Sulawesi properties, namely the Manado Property and Siloam Hospitals Makassar. Additionally, the offer price is at a discount to valuation."

Mr Tan added, "On completion of the acquisition, First REIT's portfolio will broaden from 18 to 19 properties and asset size will expand by 2.4% to S$1.30 billion from S$1.27 billion. The larger asset base will not only raise the profile of First REIT among global investors, it is also expected to enhance the Trust's overall capital management flexibility to pursue future acquisitions."

Concurrent with the completion of the acquisition, First REIT will enter into two separate master lease agreements for SHBN and LPB respectively for a lease term of 15 years with an option to renew for a further term of 15 years exercisable at the option of the master lessees. With an initial base rent of S$1.60 million per annum for SHBN and S$1.24 million per annum for LPB, the combined base rent of S$2.84 million will offer an attractive initial rental yield of 10.0%. Correspondingly, the enlarged portfolio will also increase the Trust's weighted average lease to expiry from 10.0 years as at 31 December 2016 to 10.3 years.

On a pro forma basis for financial year ended 31 December 2016, the acquisition will increase the Trust's distributable income to S$66.0 million from S$65.2 million, while distribution per unit will rise to 8.54 Singapore cents from 8.47 Singapore cents.

About The Property

The Property is strategically located in Bau Bau city, which is the main city on Buton Island in Southeast Sulawesi, Indonesia. It is approximately two kilometres from Port Murhum, which is the island's main access for transportation with direct sea connections to locations such as Jakarta and Kendari.

SHBN is a newly built three-storey hospital with a maximum capacity of 160 beds and ancillary healthcare-related space that commenced operations in April 2016. With a total gross floor area ("**GFA**") of 10,796 square metres, it is a Centre of Excellence for Emergency and Trauma, and is fitted with modern medical facilities which include, among others, operating theatres and equipment for medical services such as radiology, haemodialysis, physiotherapy and neurology.

LPB, adjacent and directly linked to SHBN, is a newly built, stand-alone single storey retail mall which commenced operations in December 2015. With a total GFA of 11,138 square metres, LPB's major tenants include Matahari Department Store and Hypermart.

"SHBN is a new and advanced hospital facility on Buton Island, and coupled with the Island's transportation infrastructure such as the Port Murhum that allows for direct regional accessibility, the hospital is well-positioned to serve the healthcare needs of all income segments of Southeast Sulawesi. Additionally, LPB, as a modern retail mall in Bau Bau city, will cover the daily needs, personal items as well as food and beverage options for patients and visitors," said Mr Tan.



Impact of the Acquisition on Overall Portfolio of the Trust

Information as at 31 December 2016	**Before the Acquisition**	**After the Acquisition**	**Change**
Asset Size	S$1.27 billion	S$1.30 billion	+2.4%
Total Gross Floor Area	314,311 sq m	336,245 sq m	+7.0%
Weighted Average Lease to Expiry	10.0 years	10.3 years	+3.3%
Weighted Average Age of Properties	10.1 years	9.5 years	-5.9%

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The proposed acquisition is subject to, among others, the approval of First REIT's Unitholders at an extraordinary general meeting ("**EGM**").

The Unitholders' Circular in relation to the acquisition and the master lease, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course.

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About First REIT

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between Bowsprit Capital Corporation Limited as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006.

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 18 properties located in Indonesia, Singapore and South Korea, 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, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Siloam Hospitals Kupang & Lippo Plaza Kupang, 14) Siloam Hospitals Labuan Bajo, 15) Pacific Healthcare Nursing Home @ Bukit Merah, 16) Pacific Healthcare Nursing Home II @ Bukit Panjang, 17) The Lentor Residence and 18) Sarang Hospital.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals, whereas the Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel & Resort Group. Lippo Plaza Kupang is managed by PT Lippo Malls Indonesia. 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. The Lentor Residence is operated by The Lentor Residence Pte Ltd, while Sarang Hospital in South Korea is managed by a private doctor.

Through First REIT, investors can participate in an 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.

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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.

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