



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

FURTHER UPDATE ON SILOAM HOSPITALS SURABAYA - ROAD SUBSIDENCE ON GUBENG HIGHWAY, SURABAYA, INDONESIA

Bowsprit Capital Corporation Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**”), wishes to provide unitholders with a further update concerning the road subsidence that took place on 18 December 2018 along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya (the “**Road Subsidence**”). The Manager had previously informed unitholders of the Road Subsidence in an announcement dated 21 December 2018 (the “**December 2018 Announcement**”) and also provided unitholders with an update in an announcement dated 10 January 2020.

As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to a subsidiary (the “**Developer**”) of PT Lippo Karawaci Tbk in connection with the development works to develop a new hospital (the “**Development Works**”), pursuant to a development works agreement entered into between PT Tata Prima Indah (“**PT TPI**”) (which is an indirect wholly-owned subsidiary of First REIT) and PT Saputra Karya (which is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk) on 20 October 2015 (the “**Development Works Agreement**”). The new hospital to be developed was to be an improved healthcare facility to replace the existing aging Siloam Hospitals Surabaya.

The Manager wishes to announce that the Road Subsidence has had a serious impact on the Development Works, which are no longer progressing. The Manager is evaluating all available options and to aid this process, the Manager has commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields (the “**Feasibility Studies**”). The Feasibility Studies are ongoing and serve to determine the possibility of conducting future construction works on the site given the Road Subsidence.

Pursuant to Clause 10.5.3 of the Development Works Agreement, PT TPI shall have the right to terminate the Development Works Agreement in the event the Development Works remain uncompleted by 28 June 2020. Given that the Development Works are no longer progressing, the Manager intends for the Development Works Agreement to be terminated. To this end, the Manager has been in active discussions with all stakeholders to reach a settlement on this matter.

The Manager is optimistic in reaching a resolution for this matter and will provide an update as and when there are material developments to the above.

By Order of the Board

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
Bowsprit Capital Corporation Limited
(Company registration no. 200607070D)
As Manager of First Real Estate Investment Trust

18 May 2020

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 may only deal in their Units through trading on Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement 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 announcement 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.