



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

UPDATE ON LEASES WITH PT LIPPO KAWARACI TBK

First REIT Management Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**”), refers to its earlier announcements dated 1 June 2020 and 31 August 2020 in respect of a potential rental restructuring mentioned by PT Lippo Kowaraci Tbk (“**LPKR**”), which were issued by First REIT in light of a press release issued by LPKR entitled “Covid-19 Renders Rental Subsidies Unsustainable; LPKR To Initiate Restructuring Discussions On Leases With First REIT” (as attached to the announcement issued by First REIT on 1 June 2020).

The Manager has received a non-binding proposal regarding a proposed rental restructuring from LPKR (the “**Non-Binding Proposal**”).

The Board of the Manager has set up an independent board committee (the “**Independent Committee**”) comprising all the independent directors of the Board, namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner to carefully consider and evaluate the Non-Binding Proposal. In arriving at a decision in respect of any proposed rental restructuring, the Independent Committee will consult its advisers and will act in the best interests of First REIT. The Independent Committee will aim to, among other things, achieve a maximization of sustainable rents to provide long-term certainty to First REIT. The Manager also intends to appoint a major international financial institution as financial adviser to the Manager in connection with the restructuring discussions and will make an announcement once the appointment is made. For the avoidance of doubt, no agreement has been reached in respect of any rental restructuring.

The Manager wishes to inform unitholders of First REIT (“**Unitholders**”) that any agreement reached in respect of any proposed rental restructuring is likely to be an “interested person transaction” under Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), and an “interested party transaction” under Appendix 6 to the Code on Collective Investment Schemes.

In this regard, the Independent Committee will appoint an independent financial adviser (“**IFA**”) in due course, to provide advice as to whether any proposed rental restructuring would be on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders. If required, a circular (the “**Circular**”) will also be despatched to Unitholders in due course to seek approval from Unitholders on any proposed rental restructuring, with the relevant interested persons and its associates abstaining from voting where applicable in accordance with the Listing Manual. The Circular will contain, among other things, the opinion of the IFA and the pro forma financial impact of the rental restructuring.

Separately, as part of its ongoing capital management review process which includes reviewing refinancing plans for the debt of approximately S\$196 million coming due in the first quarter of 2021, First REIT is in discussions with its lenders and is reviewing all options available to effect a sustainable capital structure for First REIT after taking into account the potential impact of any proposed rental restructuring.

The Manager wishes to advise Unitholders and potential investors to exercise caution when dealing in the units of First REIT. The Manager will provide an update as and when there are any material developments in accordance with the Listing Manual.

By Order of the Board

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

20 September 2020

For investor relations queries relating to this announcement, please contact:

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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 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.