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FIRST REIT ENHANCES ITS PORTFOLIO WITH ACQUISITION OF HOSPITAL IN SOUTH SUMATRA

- *To acquire Siloam Sriwijaya for S\$39.16 million, at an attractive property yield of 9.95%¹*
- *Acquisition of a modern high quality hospital in Palembang City, South Sumatra, Indonesia at a price below market valuation*
- *Acquisition will expand First REIT's portfolio to 16 properties and increase asset size to S\$1.17 billion*

SINGAPORE – 3 December 2014 – Bowsprit Capital Corporation Limited (“Bowsprit”), the Manager of **First Real Estate Investment Trust (“First REIT” or the “Trust”),** today announced that First REIT (through its indirect wholly-owned subsidiary, PT Sriwijaya Mega Abadi) (**“PT SMA”**) has entered into a Master Sale and Purchase Agreement with PT Bisma Pratama Karya (**“PT BPK”**), an unrelated party, for the proposed acquisition of Siloam Sriwijaya at a purchase consideration of approximately S\$39.16 million.

Based on the higher of two independent valuations of S\$43.79 million for Siloam Sriwijaya, the purchase consideration represents a discount of 10.57%². This acquisition will expand First REIT's portfolio to 16 properties and broaden its asset base by 3.54% from S\$1.13 billion (as at 31 October 2014) to S\$1.17 billion.

The acquisition will be financed by a combination of a drawdown from First REIT's committed debt facility and the issuance of new units (**“Consideration Units”**). Approximately S\$33.16 million of the purchase consideration will be paid in cash and the remaining S\$6.00 million will be satisfied by the issuance of the Consideration Units. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the acquisition of Siloam Sriwijaya.

¹ The property yield is calculated by dividing the contractual total net property income by the purchase price of the subject property.

² KJPP Winarta & Rekan (in association with Jones Lang LaSalle) has independently valued the property at S\$43.79 million as at 1 October 2014 and KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE) has independently valued the property at S\$41.60 million as at 1 October 2014.

Siloam Sriwijaya will be acquired conditional upon the delivery of Strata Title (Hak Milik Satuan Rumah Susun)³ to be issued by the Local Land Office in Indonesia.

In relation to the Siloam Sriwijaya acquisition, a Master Lease Agreement will be entered for a lease term of 15 years, commencing from the date of completion of the Siloam Sriwijaya Sales and Purchase Agreement with an option to renew for a further term of 15 years⁴. With an expected annual initial base rent of approximately S\$3.9 million, the property will offer an attractive initial gross rental yield of 9.95%. The pro forma historical distribution per Unit (“DPU”) for the nine months ended 30 September 2014 will rise by 2.33% to 6.15 cents and pro forma historical net asset value (“NAV”) per Unit as at 30 September 2014 will also increase by 5.75% to S\$102.57.

About Siloam Sriwijaya

Siloam Sriwijaya is a seven-storey hospital building completed in 2012 and located at Jalan POM IX, Komplek Palembang Square, Palembang City, South Sumatra, Indonesia. It has a maximum capacity of 347 beds and a total floor area of about 15,335.77 square metres. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development with 800 vehicle parking lots which comprises a hospital and shopping mall. Siloam Sriwijaya is a Centre of Excellence for emergency and trauma, and is equipped with state-of-the-art medical equipment. Siloam Sriwijaya currently operates under the “Siloam Hospitals” brand which is the largest private healthcare chain in Indonesia and listed on the Jakarta Stock Exchange.

³ Under the prevailing law in Indonesia, the strata title rights over the strata title units will cease to exist/terminate following the expiration of the HGB title on which the strata title unit is constructed. Further, under the prevailing law in Indonesia, the owners of the strata titles are obliged to establish an owners’ Association (Perhimpunan Pemilik dan Penghuni Satuan Rumah Susun) to manage the common land, common property and common area of the strata title building (including the extension of the term of the HGB). Therefore, before the HGB expires, the owners through the Association (Perhimpunan Pemilik dan Penghuni Satuan Rumah Susun) should apply for the extension or renewal of such HGB in accordance with the prevailing laws and regulations.

⁴ The option to renew shall be subject to the approval of the grantor of the BOT Agreement, if required.



Commenting on the proposed acquisition, Bowsprit's Chief Executive Officer Dr Ronnie Tan said, "This will be the Trust's first acquisition in the South Sumatra province, enhancing the diversification of our portfolio across locations. Palembang is the capital city of the South Sumatra province and has a population of over 1.70 million people. It is the second largest city in Sumatra and the seventh largest in Indonesia. With a growing residential area and market, Siloam Sriwijaya represents an attractive and good quality international standard hospital that is strategically located and well-positioned to serve the middle to upper middle-income segment of the healthcare market."

"The proposed acquisition will provide stability to First REIT's gross rental income and the larger asset base is expected to enhance the Trust's overall capital management flexibility" added Dr Tan.

Mr Albert Cheok, Chairman of the Manager commented, "We are heartened to have delivered record DPU in the last two quarters. This was driven largely by the enhanced revenue streams from our quality acquisitions over the last two years in Bali, TB Simaputang Jakarta and the latest acquisition in May in Purwakarta, Indonesia. We are committed to continue to deliver stable and growing distributions to our Unitholders through our strategy of investing in yield-accretive healthcare assets in Asia. This proposed acquisition of Siloam Sriwijaya will represent another positive investment for the Trust."

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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 15 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) Pacific Healthcare Nursing Home @ Bukit Merah, 13) Pacific Healthcare Nursing Home II @ Bukit Panjang, 14) The Lantor Residence and 15) 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 & Hotel Aryaduta Manado are operated by The Aryaduta Hotel & Resort Group. 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 Lantor Residence is operated by First Lantor Residence Pte. Ltd. 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.

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.