

FOR IMMEDIATE RELEASE

First REIT enters into a joint arrangement and asset swap with PT Lippo Karawaci Tbk in relation to Siloam Hospitals Surabaya

- *PT Lippo Karawaci Tbk embarks with plans to build a mixed development in Surabaya to include the development of a new hospital*
- *First REIT to divest the existing Siloam Hospitals Surabaya and a plot of land adjacent to the existing Siloam Hospitals Surabaya for a minimum of S\$35.70 million representing a premium of at least 112.50% from original acquisition price of S\$16.80 million¹ in 2006*
- *First REIT to purchase the new hospital at an attractive discount of 12.3% to the average of the two independent valuations for the new hospital*

SINGAPORE – 21 October 2015 – 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 Tata Prima Indah (“PT TPI”)) has entered into a proposed joint arrangement and asset swap with PT Saputra Karya (“PT SK”), an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, the sponsor of First REIT (“Lippo Karawaci” or the “Sponsor”) in relation to the development works of the new Siloam Hospitals Surabaya (“New SHS”) and the divestment of the existing Siloam Hospitals Surabaya (“Existing SHS”).

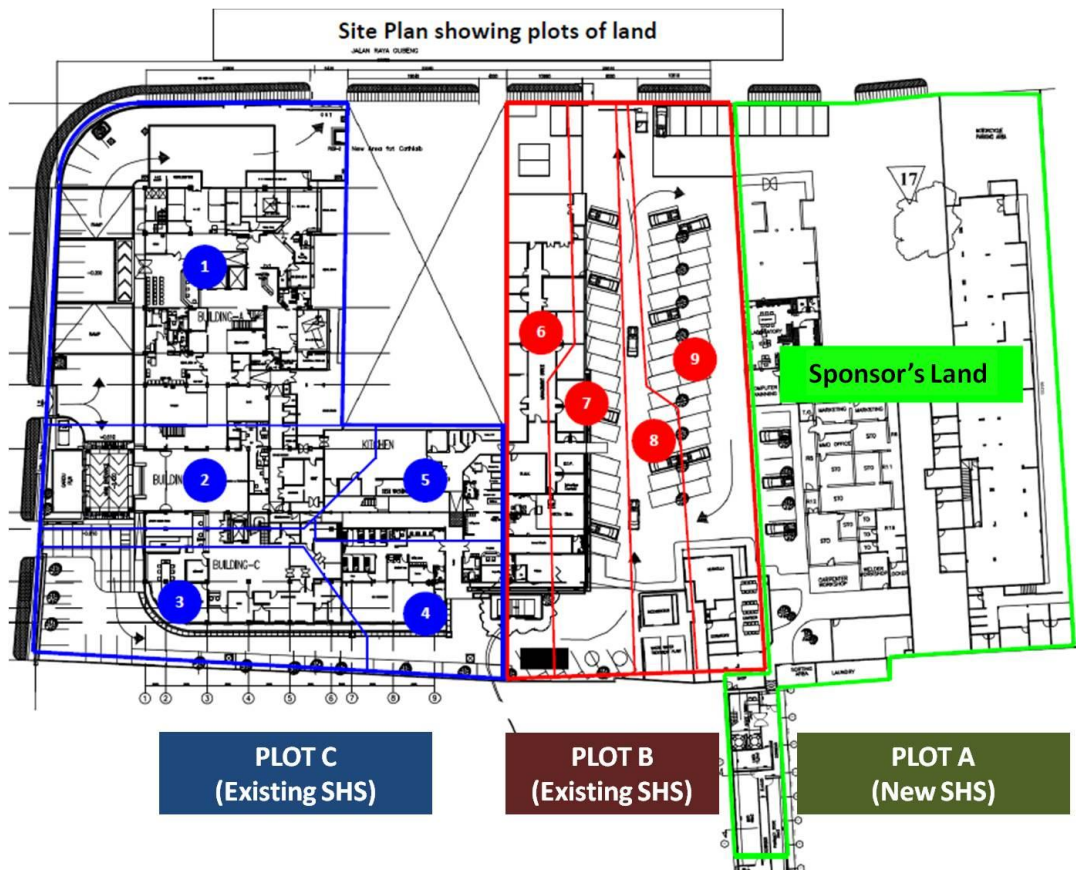
Located in the heart of Indonesia’s second largest city, Surabaya, the Existing SHS serves a large catchment of patients since it was established in 1977. In recent years, capacity and site constraints as well as demand for better services have lead to a need for a more modern and larger facility in Surabaya. Hence, the proposed joint arrangement and asset swap will enable the Trust to rejuvenate its property portfolio by divesting its oldest asset and acquire a new and modern hospital.

Under the proposed joint arrangement, PT TPI will initially divest a plot of land it owns which is adjacent to the Existing SHS (“Plot B”), to PT SK. Development works will take place on Plot B as well as the Sponsor’s land adjacent to Plot B (“Plot A”). Lippo Karawaci intends to build a mixed development comprising the New SHS, a private school, an ancillary mall, a hotel and apartment, as well as adequate car park spaces. Upon completion of the New SHS and issuance of the Function Feasibility Certificate and the necessary hospital permits and licences, PT TPI will acquire the New SHS and divest the Existing SHS.

¹ The original acquisition price of S\$16.80 million comprises both Plot B and the Existing SHS (both as defined herein).

The development works are not expected to cause any major disruptions to the operations of the Existing SHS and First REIT will continue to receive rental income from the Sponsor throughout the course of the development works.

The picture below illustrates the site plan for the development works:



Note:

- (1) The numbers 1 to 9 referred to in the site plan are the plots of the “Right to Build” (*Hak Guna Bangunan* or “HGB”) land titles which the Existing SHS is situated on. Please refer to the Annex which also sets out the site plan for the proposed development works and the building plan for the development works and the development of the land on which the Existing SHS is situated (“Plot C”).

The divestment of Plot B at a sale consideration of S\$8.2 million represents a premium of 3.1% to the average of two independent valuations for Plot B. The Manager intends to use the net sales proceeds of the Plot B divestment to pay part of the first progress payment, which is the first payment instalment of the New SHS purchase consideration.

First REIT's divestment of the Existing SHS at a sale consideration which will be the higher of (i) S\$27.5 million or (ii) the average of the two independent valuations of the Existing SHS to be conducted in accordance with Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore ("**Property Funds Appendix**") prior to the completion of the divestment of the Existing SHS, represents a premium of a minimum of 36.9% to the average of the two independent valuations. Proceeds from the divestment of the Existing SHS will be used to pay the final progress payment, which is the final payment instalment of the New SHS purchase consideration.

The combined sale consideration of a minimum of S\$35.70 million² for the Existing SHS and Plot B represents a premium of at least 112.50% to the original acquisition price of S\$16.80 million³ by First REIT on 11 December 2006 as part of its initial portfolio. The combined sale consideration also represents a premium of at least 7.53% to the appraised value of S\$33.20 million as at 31 October 2014⁴.

The acquisition of the New SHS at a purchase consideration of S\$90.0 million represents an attractive discount of 12.3% to the average of two independent valuations. Funding of the New SHS acquisition will be in cash and debt.

Commenting on the proposed transaction, Bowsprit's Chief Executive Officer Dr Ronnie Tan said, "This is Lippo Karawaci's first asset enhancement initiative for our property and we are excited about this new development. We believe that the new hospital facility will bring enhanced benefits to our Unitholders with an upgraded and brand new facility located within an integrated development, increased income stability with the New SHS master lease agreement for a term of 15 years and an increase in the absolute size of the Trust's asset base. Furthermore, First REIT will continue to enjoy steady rental income from the Existing SHS until PT TPI takes possession of the New SHS."

Expected to be completed in 2019, the New SHS will comprise a 12-storey hospital building with two podium floors and one lower ground floor. With an increased gross floor area of approximately 24,245.90 square metres, it is expected to have an increased capacity of approximately 488 beds compared to the current capacity of 160 beds and will also be equipped with state-of-the-art medical equipment.

² The combined sale consideration refers to the Plot B sale consideration of S\$8.20 million and the Existing SHS sale consideration which will be the higher of (i) S\$27.5 million or (ii) the average of the two independent valuations of the Existing SHS to be conducted in accordance with the Property Funds Appendix.

³ The original acquisition price of S\$16.80 million comprises both Plot B and the Existing SHS.

⁴ Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.

The Unitholders' Circular in relation to this transaction, together with a notice of the extraordinary general meeting ("EGM") to be convened, will be despatched to Unitholders in due course.

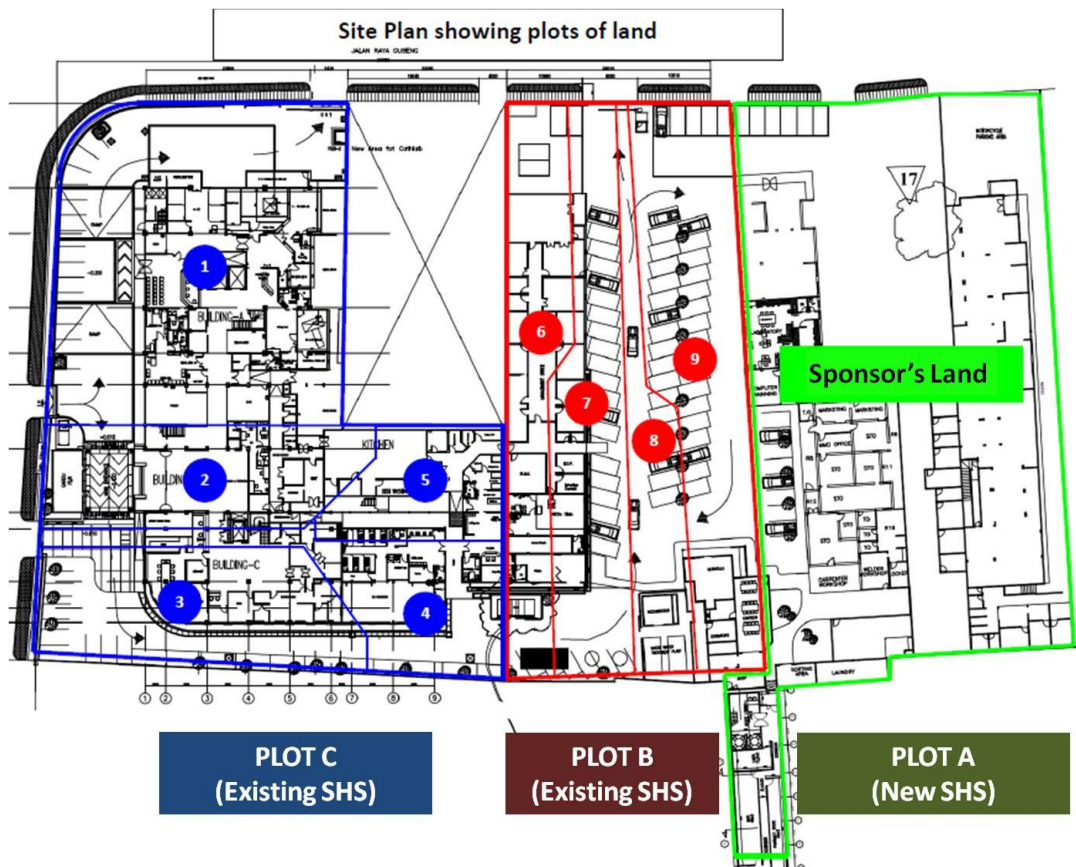
Net Impact of the Asset Swap on Overall Portfolio

Information as at 31 December 2014	Before the Asset Swap	After the Asset Swap	Change
Asset Size	S\$1.17 billion	S\$1.24 billion	+6.0%
Total Gross Floor Area	251,339 sq m	266,358 sq m	+6.0%
Weighted Average Lease to Expiry	10.8 years	11.3 years	+4.6%
Weighted Average Age of Properties	10.1 years	8.2 years	-18.8%

ANNEX

Site Plan for the Proposed Development Works

The picture below illustrates the site plan for the development works:

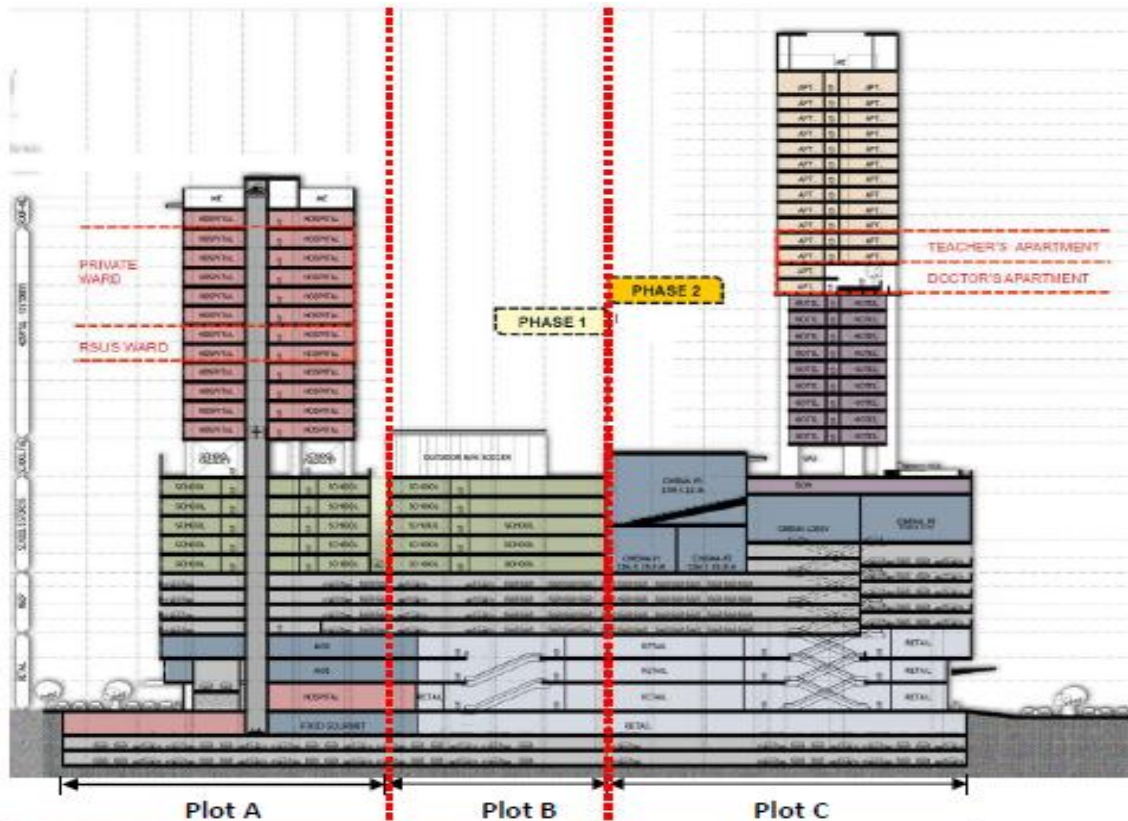


Note:

- (1) The numbers 1 to 9 referred to in the site plan are the plots of the HGB land titles which the Existing SHS is situated on.

Building Plan of the Development Works and Plot C Development

The proposed building plan of the development works and the Plot C development is set out below for illustrative purposes only.



The picture on the left is an artist impression of part of the completed mixed development on Plot A and Plot B which will comprise the New SHS.

The picture below reflects the Existing SHS on Plot C.



Note:

- (1) The picture above is an artist's impression of the proposed integrated development to be constructed pursuant to the development works and may differ from the actual view once the development works are completed.

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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 16 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) Pacific Healthcare Nursing Home @ Bukit Merah, 14) Pacific Healthcare Nursing Home II @ Bukit Panjang, 15) The Lentor Residence and 16) 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 Lentor Residence is operated by The Lentor 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.