

**FOR IMMEDIATE RELEASE**

## **First REIT enters into a joint venture to acquire hospital component of an integrated development in Yogyakarta**

- *First REIT to acquire the hospital component of the integrated property comprising an adjoining retail mall, which will be acquired by LMIR Trust*
- *First REIT and LMIR Trust will hold separate economic rights to the assets and revenue of the hospital and the retail mall respectively*
- *The purchase consideration of S\$27.0 million for the hospital represents a 1.01% discount to the average of two independent valuations*

**SINGAPORE – 13 October 2017 – Bowsprit Capital Corporation Limited (“Bowsprit”), the Manager of First Real Estate Investment Trust (“First REIT” or the “Trust”), today announced that First REIT has entered into a joint venture with Lippo Malls Indonesia Retail Trust (“LMIR Trust”) in connection with the joint acquisition of an integrated development (the “Property”) in Yogyakarta<sup>1</sup>, Indonesia, from PT Lippo Karawaci Tbk, the sponsor of both First REIT and LMIR Trust (the “Sponsor”) (the “Yogyakarta Transaction”).**

The Property comprises a hospital component known as Siloam Hospitals Yogyakarta (“SHYG”) and a retail mall component known as Lippo Plaza Jogja (“LPJ”). The purchase consideration for SHYG<sup>2</sup> at S\$27.0 million, which will be borne by First REIT, represents a discount of 1.01% to S\$27.28 million, being the average of two independent valuations<sup>3</sup>. The Yogyakarta Transaction is subject to, among others, the approval of First REIT’s unitholders (“Unitholders”) at an extraordinary general meeting (“EGM”) and the approval of LMIR Trust’s unitholders at a LMIR Trust EGM.

The Property is held under one “Right to Build” (Hak Guna Bangunan or “HGB”) title certificate and currently, in Yogyakarta, there are no regulations permitting the regional government of Yogyakarta to subdivide the Property and issue separate strata titles for SHYG and LPJ. First REIT and LMIR Trust have therefore decided to jointly acquire this attractive asset.

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<sup>1</sup> Yogyakarta is also commonly referred to as “Yogya”, “Jogjakarta” or “Jogja”.

<sup>2</sup> For the avoidance of doubt, First REIT is not responsible for paying the purchase consideration for LPJ.

<sup>3</sup> KJPP Rengganis, Hamid & Rekan (in strategic alliance with CBRE) has independently valued SHYG at S\$27.50 million as at 30 June 2017 and KJPP Willson & Rekan (in association with Knight Frank) has independently valued SHYG at S\$27.05 million as at 30 June 2017.

Commenting on the proposed Yogyakarta Transaction, Bowsprit's Chief Executive Officer, Mr Victor Tan said, "SHYG commenced operations in July this year after obtaining all the relevant licenses for the operation of the hospital. This allows us to kick-start our initial plan of jointly acquiring this integrated property where both First REIT and LMIR Trust will hold separate economic rights to the assets and revenue of the hospital and the retail mall respectively.

"First REIT has also recently completed the acquisition of another integrated property comprising Siloam Hospitals Buton and a connected retail mall, Lippo Plaza Buton, in the city of Bau Bau on Buton Island. Together with the addition of SHYG, these assets will continue to reinforce our growth momentum and further bolster our income stream."

SHYG is situated in a strategically located catchment area with one of the highest population densities of Yogyakarta. Regionally, Yogyakarta and the surrounding areas in Central Java, has one of the highest population densities of Java. The Property is a 10-storey building including one basement and one mezzanine level on a total land area of 13,715 square metres, with a shared multi-storey vehicle parking area<sup>4</sup> on the upper levels totalling 752 and 875 car and motorcycle lots respectively, and a rooftop helipad.

The hospital component has a gross floor area of 12,474 square metres with a maximum capacity of 220 beds. A Centre of Excellence for Neuroscience and Cardiology, SHYG is one of the most modern and well-equipped facilities in the whole of Yogyakarta, fitted with the latest medical equipment such as 128-slice CT scanner, 4-Dimension USG and Computed Radiography, a highly advanced Catheterisation-Laboratory unit and 3-Dimension Echocardiography, among others.

"This will be an accretive acquisition, with SHYG generating a rental yield of 9.0% based on initial base rent of S\$2.43 million per annum and pro forma distribution per unit for financial year ended 31 December 2016 will increase to 8.50 Singapore cents from 8.47 Singapore cents. Hence, Unitholders can look forward to continuing long-term growth for the Trust," said Mr Tan.

The completion of this proposed Yogyakarta Transaction will boost the Trust's portfolio to 20 properties (including the Buton Property recently acquired) and strengthen its asset base by approximately 2.3% to S\$1.33 billion from S\$1.30 billion.

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<sup>4</sup> The parking area forms part of LPJ and not SHYG.

First REIT will finance the SHYG portion of the Yogyakarta Transaction by a combination of a drawdown from First REIT’s debt facilities and internal cash.

The Unitholders’ Circular in relation to this proposed Yogyakarta Transaction, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course.



**Impact of the proposed Yogyakarta Transaction attributable to SHYG on Overall Portfolio of the Trust**

Information as at 31 December 2016	Before Buton Acquisition	Before the Yogyakarta Transaction	After the Yogyakarta Transaction	Change from Yogyakarta Transaction
Asset Size	S\$1.27 billion	S\$1.30 billion	S\$1.33 billion	+2.31%
Total Gross Floor Area	314,311 sq m	336,245 sq m	348,719 sq m	+3.71%
Weighted Average Lease to Expiry	10.0 years	10.3 years	10.5 years	+1.94%
Weighted Average Age of Properties	10.1 years	9.5 years	9.2 years	-3.16%

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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 19 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) Siloam Hospitals Buton & Lippo Plaza Buton 16) Pacific Healthcare Nursing Home @ Bukit Merah, 17) Pacific Healthcare Nursing Home II @ Bukit Panjang, 18) The Lentor Residence and 19) 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.*

**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.