



FIRST REAL ESTATE INVESTMENT TRUST

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

RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM UNITHOLDERS

1. **Background.** The Board of Directors (the “**Board**”) of First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (“**First REIT**”, and the manager of First REIT, the “**Manager**”), refers to:
 - (a) the annual report of First REIT for the financial year ended 31 December 2020;
 - (b) the notice of annual general meeting (“**AGM**”) issued on 5 April 2021 informing unitholders that the Twelfth AGM of First REIT will be convened and held by way of electronic means on Tuesday, 27 April 2021 at 2:00 p.m. (Singapore Time); and
 - (c) the accompanying announcement issued by the Manager on 5 April 2021 setting out, *inter alia*, the alternative arrangements relating to attendance at the AGM via electronic means.

2. **Response to questions from unitholders.** The Manager would like to thank unitholders for submitting their questions in advance of First REIT’s AGM. The Manager would like to inform that the responses to all substantial and relevant questions which have been submitted by unitholders shall be published in this announcement. Please refer to **Annex A** hereto for the list of substantial and relevant questions received from unitholders, and the Management and the Board’s responses to these questions.

By Order of the Board

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
First REIT Management Limited
(As Manager of First REIT)

26 April 2021

ANNEX A

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

Questions	Responses
Future Plans and Growth Strategy	
<p>1) After what has been an extremely difficult past year for the unitholders of First REIT, are there any key positives that you would like to present to us for the immediate future.</p> <p>2) What are the future plans for First REIT? Since its previous acquisitions, it has done little by way of yield accretive acquisitions, but has instead seemed to destroy value. Please advise how First REIT can further improve its returns to shareholders moving forward?</p> <p>3) Based on the Annual Report, the REIT's current rental income is 80.51% derived from entities linked to PT Lippo Karawaci. The Manager had also mentioned about the REIT's intention of diversifying its portfolio. Thus, could First REIT provide more details on the steps to undertake in terms of diversifying the rental income and its portfolio?</p> <p>4) Will there be fore-coming MA activities this year, if any please avoid adding more assets in Indonesia. How is the Manager planning to fund it?</p>	<p>With a confluence of events including the effects of COVID-19 impacting First REIT's performance and sustainability as a business, the Trust took meaningful and strategic actions during the year to restructure its business, recapitalise its balance sheet and reposition itself for a more sustainable future.</p> <p>Having completed most of its strategic initiatives, comprising of the following:</p> <p>a) restructuring the master lease agreements ("MLAs") for 11 hospitals which First REIT had leased to either PT. Lippo Karawaci Tbk ("LPKR") or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk ("Siloam") (the "LPKR Hospitals", and the MLAs for all of the LPKR Hospitals, the "LPKR MLAs"), thereby extending the respective lease terms to (and including) 31 December 2035, with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees. It also extended First REIT's weighted average lease expiry for its entire portfolio from 6.4 years to 11.6 years as at 31 December 2020, thereby stabilising First REIT's future income streams. Unitholders should note that the process of restructuring the MLAs for the three hospitals leased to PT Metropolis Propertindo Utama ("MPU", and the three MLAs, the "MPU MLAs") is ongoing and will conclude in due course;</p> <p>b) recapitalising and refinancing of its balance sheet via a term loan facility of S\$178.5 million and a revolving credit facility of S\$42.5 million, with an accordion option for a S\$39.0 million increase in commitments and a rights issue, lowering its leverage ratio as at 31 December 2020 on a <i>pro forma</i> basis from 49.0% to 34.6%; and</p> <p>c) First REIT has a debt headroom in excess of S\$300 million on an FY2020 <i>pro forma</i> basis. With a stabilised balance sheet and lease structure, First REIT is well-positioned to pursue accretive growth, as well as explore opportunities to diversify its portfolio and income streams geographically.</p> <p>From a position of stability, First REIT will additionally be looking at the strong network of healthcare assets from its sponsor group, comprising OUE Limited ("OUE") and OUE Lippo Healthcare Limited ("OUELH"), as well as assets from third parties within and outside of Asia to boost future growth and improve returns for Unitholders.</p>

Questions	Responses
<p>5) With the last arrangement with your Sponsor on the renewed set of leasing terms, will the net property income (NPI) of First REIT be sustainable within the next one to two years and into mid-term?</p> <p>6) Will Siloam come and ask First REIT to restructure the MLA again?</p>	<p>As contemplated in the announcement by the Manager dated 29 November 2020, it is intended that a subsidiary of Siloam will be added as a party to each of the MPU MLAs⁽¹⁾, and Siloam will be added as a party to each of the LPKR MLAs⁽²⁾ to establish the direct payment of rental amounts by the relevant subsidiaries of Siloam to the relevant master lessors for each of the LPKR Hospitals⁽³⁾ and for each of the MPU Hospitals⁽⁴⁾.</p> <p>The Manager is of the view that eventually, with the conclusion of the restructuring exercise and with the addition of the Relevant Siloam Subsidiaries or Siloam (as the case may be) as a party to the relevant MLAs as described, First REIT will have been sustainably repositioned.</p> <p>Notes</p> <p>(1)"MPU MLAs" refers to the MLAs for Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang.</p> <p>(2)"LPKR MLAs" refers to the MLAs for all of the hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of Siloam.</p> <p>(3)"LPKR Hospitals" refers to the hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of Siloam.</p> <p>(4)"MPU Hospitals" refers to Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang.</p>
Financials	
<p>7) Can the Manager provide forward guidance on its dividend policy post Rental Restructuring/Right Issue? Will there be any changes post COVID-19 on the guidance?</p>	<p>The Manager does not expect First REIT's dividend policy to be materially different.</p>
<p>8) With such unstable exchange rate between SGD/IDR, how is the Manager going to manage/maintain the above guidance?</p>	<p>The Manager is aware of the foreign exchange risk associated with receiving its rentals in Indonesian Rupiah under the restructured LPKR MLAs and the restructured MPU MLAs.</p> <p>The base rent under the restructured LPKR MLAs and the restructured MPU MLAs has a fixed escalation rate of 4.5% per annum as compared to the current step-up mechanism which is two times the Singapore consumer price index subject to a cap of 2.0%. The higher escalation rate is intended to compensate for the increased volatility associated with the switch in rental payment currency from Singapore Dollars to Indonesian Rupiah. Under the revised base rent structure, First REIT will receive a minimum guaranteed Indonesian Rupiah-denominated base rent which will grow at 4.5% per annum across the 15-year tenure of the restructured LPKR MLAs and the restructured MPU MLAs.</p> <p>The Manager is reviewing its options on potential hedging strategies and unitholders will be updated as and when there are material developments in this regard.</p>

Questions	Responses
9) Has the Manager collected all outstanding rental payments from Lippo Karawaci?	At present, there are no material delays in the collection of rental payments from LPKR.
COVID-19 Related	
10) Has there been requests from any tenants for rental rebates in 2021 and if there has been then what is the likely financial impact to the REIT?	To date, the Manager has not received any additional rental relief requests from its tenants.
11) Given the high number of COVID-19 cases in Indonesia, how is it going to affect First REIT's NPI going forward?	<p>These are unprecedented times where all sectors have been impacted by the pandemic. The Manager will continue to adopt a prudent approach to conserve cash and initiate stringent cost management strategies to navigate these uncertain times.</p> <p>As of this point, all properties within the Indonesian portfolio remain operational.</p> <p>As the situation remains uncertain and dynamic, it is difficult for the Manager to ascertain the full financial impact of the outbreak on the financial performance of First REIT. Nevertheless, First REIT remains in compliance of its debt financial covenants and has adequate financial reserves to fulfil its obligations in the foreseeable future.</p> <p>The Manager will continue to monitor the situation closely across Indonesia, Singapore and South Korea, and will provide updates on any material developments as soon as practicable.</p>
Change of Auditors	
<p>12) Why is the Manager changing auditor from RSM Chio Lim to KPMG? With this change of auditors, will we enjoy cost savings?</p> <p>How long has RSM Chio Lim been our auditors? Did RSM Chio Lim reject reappointment as auditors?</p>	<p>RSM Chio Lim LLP ("RSM") have served as external Auditors of First REIT since the constitution of First REIT.</p> <p>First REIT's proposed change in Auditors is to align with OUE and its subsidiaries (the "Group") and for better coordination, communication and control of the audit timeline for reporting within the Group.</p>
Others	
13) What is the financial situation and financial position of Siloam now?	Kindly refer to www.siloamhospitals.com/ for further information on the financial position of Siloam.

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