



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

RENEWED MASTER LEASE AGREEMENT FOR IMPERIAL ARYADUTA HOTEL & COUNTRY CLUB

1. INTRODUCTION

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**”), wishes to announce that when the existing master lease agreement in respect of Imperial Aryaduta Hotel & Country Club (“**IAHCC**”, and the existing master lease agreement in respect of IAHCC, the “**Existing IAHCC Master Lease Agreement**”) expires on 10 December 2021, it will be renewed by the entry into a new master lease agreement (the “**Renewed IAHCC Master Lease Agreement**”).

2. EXISTING IAHCC MASTER LEASE AGREEMENT

IAHCC is owned by PT. Karya Sentra Sejahtera, which is a wholly-owned subsidiary of First REIT. The Existing IAHCC Master Lease Agreement was entered into between PT. Karya Sentra Sejahtera and PT. Lippo Karawaci Tbk (“**LPKR**”). LPKR is a property company listed on the Indonesia Stock Exchange, which had sold IAHCC to First REIT in 2006.

3. RENEWED IAHCC MASTER LEASE AGREEMENT

3.1 Term

The Renewed IAHCC Master Lease Agreement has been entered into between PT. Karya Sentra Sejahtera and LPKR and will be effective for a term commencing on (and including) 11 December 2021 and ending on (and including) 31 December 2022 (the “**Term**”), subject to PT. Karya Sentra Sejahtera’s right to terminate for any reason prior to the expiry of the Term by giving no less than six months’ written notice to LPKR.

Under the Renewed IAHCC Master Lease Agreement, if LPKR gives written notice to PT. Karya Sentra Sejahtera, not later than 14 weeks before the expiry date of the Term, that it requires a further lease and at the expiry date of the Term, LPKR is not in default under the Renewed IAHCC Master Lease Agreement, upon the mutual agreement of PT. Karya Sentra Sejahtera and LPKR, PT. Karya Sentra Sejahtera shall grant to LPKR a lease of IAHCC for a further term of one year commencing on the date after the expiry date of the Term (the “**Further Term**”). The lease for the Further Term shall be on terms and conditions (including the rent payable for the Further Term) to be mutually agreed in good faith between PT. Karya Sentra Sejahtera and LPKR.

3.2 Rent

The rent payable by LPKR for the Term shall be a fixed amount of IDR21,400 million, which shall be paid by LPKR in Indonesian Rupiah and shall be paid quarterly in advance, save for the rent

payable by LPKR in respect of the period from 11 December 2021 to 31 December 2021, which shall be paid in arrears.

Prior to the finalisation of the terms of the Renewed IAHC Master Lease Agreement, KJPP Willson & Rekan in association with Knight Frank (the “**Independent Valuer**”) was commissioned by the Manager and Perpetual (Asia) Limited, in its capacity as trustee of First REIT (the “**Trustee**”), to provide an independent assessment on the fair market rental rate(s) of IAHC. The Independent Valuer had, on 16 November 2021, issued its independent valuation report on the fair market rental rate(s) for IAHC (the “**Independent Valuation Report**”). As set out in the Independent Valuation Report, having considered all relevant information and the current COVID-19 situation, the Independent Valuer considers that the rental rate under the Renewed IAHC Master Lease Agreement is reasonable and in line with market.

3.3 Security Deposit

Under the Renewed IAHC Master Lease Agreement, LPKR is required to pay to and maintain with PT. Karya Sentra Sejahtera, for the duration of the Term, a security deposit equivalent to three months of the monthly rent payable by LPKR in accordance with the terms of the Renewed IAHC Master Lease Agreement for the Term.

After taking into consideration the Independent Valuation Report and the rationale for the Renewed IAHC Master Lease Agreement as set out below, the audit and risk committee of the Manager is of the view that the Renewed IAHC Master Lease Agreement is on normal commercial terms and is not prejudicial to the interests of First REIT and its minority unitholders.

4. RATIONALE FOR THE RENEWED IAHC MASTER LEASE AGREEMENT

4.1 Provides Ongoing Cashflows While the Manager Continues to Market IAHC for Divestment

The Manager had identified IAHC as a non-core asset and appointed PT Rantaka Haburi Radika and PT Colliers International Indonesia to procure a suitable purchaser for IAHC since May 2021. As at the date of this Announcement, there are no suitable prospects given the negative market sentiments arising from the ongoing COVID-19 pandemic.

The Manager intends to continue to market IAHC for divestment and believes it is prudent to have in place a short-term lease in line with market terms while this process remains ongoing. The renewed lease provides some revenue stability from IAHC while still allowing the Manager strategic flexibility as it further refines its longer-term business plans following the restructuring of its Indonesian hospital master leases earlier this year.

4.2 The Manager Believes that Divestment Remains an Appropriate Exit Strategy for IAHC, Amid Impact of the COVID-19 Pandemic on Tenant

Since the start of the COVID-19 pandemic in early 2020, IAHC has faced intermittent shutdowns, given the large-scale social restrictions, as well as restrictions placed on global travel and the drying up of meetings, incentives, conferences and exhibitions. The hotel business at IAHC has had to rely on private arrangements with corporates while Aryaduta Country Club had closed its operations for most of 2020 and the year to date, up to 16 October 2021.

While these challenges are not unique to IAHC, they have significantly impacted the hotel operator's business, as revenue derived was not able to sustainably cover rental obligations.

Given the above but also that IAHC sits on a sprawling land parcel of 54,410 square metres with development potential, the Manager remains of the view that divesting IAHC is an appropriate exit strategy for this asset.

Further updates will be provided to unitholders of First REIT as and when there are material developments.

5. INTERESTED PERSON TRANSACTIONS¹ AND INTERESTED PARTY TRANSACTIONS²

Under Chapter 9 of the listing manual of Singapore Exchange Securities Trading Limited (the "SGX-ST", and the listing manual of the SGX-ST, the "Listing Manual"), where First REIT proposes to enter into a transaction with an Interested Person³ and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same Interested Person during the same financial year) is equal to or exceeds 3.0% of First REIT's latest audited net tangible assets ("NTA"), First REIT must make an immediate announcement. First REIT should also announce the transaction immediately under the Property Funds Appendix if the transaction (either in itself or when aggregated with the value of other transactions with the same Interested Party⁴ during the current financial year) is equal to or exceeds 3.0% of First REIT's latest audited net asset value ("NAV").

The entry into the Renewed IAHC Master Lease Agreement with LPKR would be regarded as an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

The aggregate value of the Renewed IAHC Master Lease Agreement is S\$2.0 million.

As at the date of this Announcement, save for the Renewed IAHC Master Lease Agreement, the value of all Interested Person Transactions entered into between First REIT and LPKR and its

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- 1 "Interested Person Transaction" means a transaction between an entity at risk and an Interested Person (as defined herein).
 - 2 "Interested Party Transaction" has the meaning ascribed to it in Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "MAS") (the "Code on CIS", and Appendix 6 of the Code on CIS, the "Property Funds Appendix").
 - 3 The Listing Manual states that in the case of a REIT, the term "interested person" shall have the meaning ascribed to the term "interested party" in the Code on CIS. Therefore, the meaning of the term "Interested Person" is the same as the meaning of the term "Interested Party".
 - 4 As defined in the Property Funds Appendix, the term "Interested Party" means:
 - (a) a director, chief executive officer or Controlling Shareholder (as defined herein) of the manager, or the manager, the trustee, or Controlling Unitholder (as defined herein) of First REIT; or
 - (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of First REIT."Controlling Shareholder" means a person who:
 - (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
 - (b) in fact exercises control over a company."Controlling Unitholder" means a person who:
 - (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
 - (b) in fact exercises control over the property fund.

subsidiaries during the course of the current financial year ending 31 December 2021 is approximately S\$426,000 (which is approximately 0.11% of the NTA and NAV of First REIT as at 31 December 2020). Including the Renewed IAHCC Master Lease Agreement described in this Announcement above, the value of all Interested Person Transactions entered into between First REIT and LPKR and its subsidiaries during the course of the current financial year ending 31 December 2021 is approximately S\$2.43 million (which is approximately 0.60% of the NTA and NAV of First REIT as at 31 December 2020).

This Announcement is being released by the Manager on a voluntary basis.

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

29 November 2021

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in First REIT (“**Units**”).

The value of Units and the income derived from them may fall as well as rise. 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. The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

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 the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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.