



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

ANNOUNCEMENT

PROPOSED ACQUISITIONS

1. INTRODUCTION

Bowsprit Capital Corporation Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**") and as manager of First REIT, the "**Manager**", is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the "**Trustee**"), has on 26 March 2013 entered into two conditional sale and purchase agreements:

- (i) with PT Buana Mandiri Selaras ("**PT BMS**") in relation to the acquisition of Siloam Hospitals Bali (the "**SHBL**") and the acquisition of SHBL, the "**SHBL Acquisition**") (the "**SHBL SPA**"); and
- (ii) with Evodia Strategic Investment Limited ("**Evodia**") in relation to the acquisition of Siloam Hospitals TB Simatupang ("**SHTS**") and the proposed acquisition of SHTS, the "**SHTS Acquisition**") (the "**SHTS SPA**").

The Manager proposes to finance the SHBL Acquisition fully by a drawdown from First REIT's committed debt facility. The Manager proposes to finance the SHTS Acquisition by a combination of drawdown from First REIT's committed debt facility and issuance of new units in First REIT ("**Units**") to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor (as defined herein) (the "**Consideration Units**"). The final decision regarding the method of financing and the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions.

Oversea-Chinese Banking Corporation Limited has been appointed as the financial adviser for the Acquisitions (as defined herein).

2. THE SHBL ACQUISITION

2.1 Structure of the SHBL Acquisition

The Manager is seeking to acquire SHBL, which is located at Jalan Sunset Road No.818, Kuta, Badung, Bali 80361, Indonesia for a purchase consideration of approximately S\$97.3 million (the "**SHBL Purchase Consideration**")¹ from PT BMS, which is a wholly-owned subsidiary of PT Lippo Karawaci Tbk, a company incorporated in Indonesia and the sponsor of First REIT (the "**Sponsor**").

¹ The SHBL Purchase Consideration is inclusive of the applicable land and building acquisition expenses to be paid by PT DGJ (as defined herein) to the relevant tax office.

For purposes of the SHBL Acquisition, First REIT has acquired a 100.0% equity interest in Globalink Investments Pte. Ltd., a company incorporated in Singapore (“**Globalink**”) for a nominal consideration of S\$1.00. Globalink and its wholly-owned subsidiary, Fortuna Capital Pte. Ltd., a company incorporated in Singapore (“**Fortuna**”), hold 75.0% and 25.0% respectively of PT Dasa Graha Jaya, a limited liability company incorporated in Indonesia (“**PT DGJ**”). First REIT will acquire SHBL through PT DGJ. First REIT will, upon acquiring SHBL, hold SHBL under seven ‘Right to Build’ (*Hak Guna Bangunan* or “**HGB**”) title certificates² which will expire on 26 March 2038.

Appendix A sets out a chart illustrating the structure under which SHBL is proposed to be held by First REIT upon completion of the SHBL Acquisition.

2.2 Valuation

Two independent property valuers, KJPP Willson & Rekan in association with Knight Frank (“**W&R**”) and KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd (“**Rengganis**”), have been appointed by the Manager and the Trustee respectively to value SHBL. The SHBL Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHBL by W&R and Rengganis, which were commissioned by the Manager and the Trustee respectively.

The following table sets out the appraised values, the respective dates of such appraisal and the SHBL Purchase Consideration:

Property	Appraised Value		Purchase Consideration
	By W&R as at	By Rengganis as at	
	26 February 2013	21 February 2013	
	(S\$ million)	(S\$ million)	(S\$ million)
SHBL	113.0	111.4	97.3

The SHBL Purchase Consideration is below the average of the two independent valuations obtained in relation to SHBL and represents a discount of 13.3% to S\$112.2 million, which is the average of the two independent valuations of SHBL.

2.3 SHBL Acquisition Cost

The total cost of the SHBL Acquisition, comprising the SHBL Purchase Consideration, the acquisition fee in relation to the SHBL Acquisition payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) (which shall be payable in Units (the “**SHBL Acquisition Fee Units**”)) as well as the professional and other fees and expenses in connection with the SHBL Acquisition, is estimated to be approximately S\$99.2 million (the “**SHBL Acquisition Cost**”).

2 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of ‘leasehold’ title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a ‘Right to Build’ or HGB title. HGB titles can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years.

2.4 Method of Financing

The Manager intends to finance the SHBL Acquisition Cost by a drawdown from First REIT's committed debt facility. The final decision regarding the method of financing will be made at the appropriate time taking into account the relevant market conditions.

2.5 Conditions Precedent for the Completion of the SHBL Acquisition

Completion of the sale and purchase of SHBL under the SHBL SPA is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 2.5.1 the approval by unitholders of First REIT ("**Unitholders**") to be given at an extraordinary general meeting of Unitholders ("**EGM**") for the SHBL Acquisition and the SHBL Master Lease;
- 2.5.2 the approval by Unitholders to be given at an EGM for the SHTS Acquisition and the SHTS Master Lease;
- 2.5.3 the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor as part consideration for the SHTS Acquisition;
- 2.5.4 the approval by Unitholders to be given at the EGM for the Whitewash Resolution (as defined herein);
- 2.5.5 First REIT securing sufficient financing to undertake the SHBL Acquisition and the SHTS Acquisition (together, the "**Acquisitions**") and the agreements for such financing not having been terminated and being unconditional in all respects; and
- 2.5.6 there being no adverse change to the financial condition of the Sponsor (as the SHBL master lessee) or its ability to make payment to First REIT under the SHBL Master Lease Agreement (as defined herein).

2.6 Indemnity in relation to the SHBL SPA

The Trustee has also entered into a deed of indemnity with the Sponsor pursuant to which the Sponsor will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHBL SPA.

2.7 Master Lease

In relation to the SHBL Acquisition, a conditional master lease agreement (the "**SHBL Master Lease Agreement**") has been entered into on 26 March 2013 between PT DGJ (as the SHBL master lessor) and the Sponsor (as the SHBL master lessee) pursuant to which a master lease in relation to SHBL will be granted to the Sponsor (the "**SHBL Master Lease**") for a lease term of 15 years, commencing from the date of completion of the SHBL SPA with an option to renew for a further term of 15 years.

Completion of the SHBL Master Lease Agreement is conditional upon, among others, the completion of the SHBL SPA.

2.8 Interested Person Transaction

As at the date of this announcement, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder"³ of

3 "Controlling Unitholder" has the meaning ascribed to it in the Listing Manual and the Property Funds Appendix.

First REIT and a “Controlling Shareholder”⁴ of the Manager respectively under both the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual of the SGX-ST, the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”).

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT BMS, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person⁵ and Interested Party⁶ of First REIT.

Given the SHBL Purchase Consideration of S\$97.3 million (which is 17.7% of the net tangible assets (“**NTA**”) and net asset value (“**NAV**”) respectively of First REIT as at 31 December 2012), the value of the SHBL Acquisition will in aggregate exceed (i) 5.0% of First REIT’s latest audited NTA and (ii) 5.0% of First REIT’s latest audited NAV.

As such, the SHBL Acquisition will constitute an Interested Person Transaction⁷ under Chapter 9 of the Listing Manual and also an Interested Party Transaction⁸ under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. The SHBL Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders’ approval is required.

Accordingly, the approval of Unitholders will be sought for the SHBL Acquisition and the SHBL Master Lease.

3. THE SHTS ACQUISITION

3.1 Structure of the SHTS Acquisition

The Manager is also seeking to acquire SHTS which is located at Jalan Letjend. TB Simatupang/ Jalan R.A. Kartini No.8, RT 010 / RW 04, Cilandak, Jakarta Selatan, Indonesia, for a purchase consideration of approximately S\$93.1 million (the “**SHTS Purchase Consideration**”) from Evodia, a company incorporated in Malaysia and an indirect wholly-owned subsidiary of the Sponsor. It is proposed that the SHTS Acquisition be carried out by First REIT indirectly via the acquisition of Great Capital Pte. Ltd., a company incorporated in Singapore (“**Great Capital**”) which, directly and through its wholly-owned subsidiary, Key Capital Pte. Ltd., a company incorporated in Singapore (“**Key Capital**”), wholly-owns PT Perisai Dunia Sejahtera, a limited liability company incorporated in Indonesia (“**PT PDS**”) which in turn will hold SHTS. First REIT will, upon acquiring SHTS, hold SHTS through PT PDS under a HGB title⁹.

Appendix B sets out a chart illustrating the structure under which SHTS will be held by First REIT upon completion of the SHTS Acquisition.

4 “**Controlling Shareholder**” has the meaning ascribed to it in the Listing Manual and the Property Funds Appendix.

5 “**Interested Person**” has the meaning ascribed to it in the Listing Manual.

6 “**Interested Party**” has the meaning ascribed to it in the Property Funds Appendix.

7 “**Interested Person Transaction**” has the meaning ascribed to it in the Listing Manual.

8 “**Interested Party Transaction**” has the meaning ascribed to it in the Property Funds Appendix.

9 The current HGB title in relation to SHTS (expiring on 28 September 2028), which is currently mortgaged to PT Bank Rakyat Indonesia (Persero) Tbk, is in the process of being segregated and upon the completion of the SHTS Acquisition, First REIT will acquire the new HGB title to be issued in respect of SHTS by the relevant National Land Agency covering an area of 2,489 sq m (“**New SHGB**”).

3.2 Valuation

Two independent property valuers, W&R and Rengganis, were appointed by the Manager and the Trustee respectively to value SHTS. The SHTS Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHTS by W&R and Rengganis, which were commissioned by the Manager and the Trustee respectively.

The following table sets out the appraised values, the respective dates of such appraisal and the SHTS Purchase Consideration:

Property	Appraised Value		Purchase Consideration
	By W&R as at 26 February 2013	By Rengganis as at 21 February 2013	
	(S\$ million)	(S\$ million)	
SHTS	108.4	104.3	93.1

The SHTS Purchase Consideration is below the average of the two independent valuations obtained in relation to SHTS and represents a discount of 12.5% to S\$106.4 million, which is the average of the two independent valuations of SHTS.

3.3 SHTS Acquisition Cost

The total cost of the SHTS Acquisition, comprising the SHTS Purchase Consideration, the acquisition fee in relation to the SHTS Acquisition payable to the Manager pursuant to the Trust Deed (which shall be payable in Units (the “**SHTS Acquisition Fee Units**”))¹⁰ as well as the professional and other fees and expenses in connection with the SHTS Acquisition, is estimated to be approximately S\$95.0 million (the “**SHTS Acquisition Cost**”).

3.4 Method of Financing

The SHTS Acquisition Cost is expected to be financed fully by a combination of a drawdown from First REIT’s committed debt facility and issuance of Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor which is proposed to be carried out by the Manager. The final decision regarding the method of financing and the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions.

3.5 Conditions Precedent for the Completion of the SHTS Acquisition

Completion of the sale and purchase of SHTS under the SHTS SPA is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 3.5.1 the approval by Unitholders to be given at an EGM for the SHTS Acquisition and the SHTS Property Master Lease;
- 3.5.2 the approval by Unitholders to be given at an EGM for the SHBL Acquisition and the SHBL Master Lease;

¹⁰ As the SHTS Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the SHTS Acquisition Fee payable to the Manager will be in the form of the SHTS Acquisition Fee Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

- 3.5.3 the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor as part consideration for the SHTS Acquisition;
- 3.5.4 the approval by Unitholders to be given at the EGM for the Whitewash Resolution;
- 3.5.5 First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects;
- 3.5.6 there being no adverse change to the financial condition of the Sponsor (being the SHTS master lessee) or its ability to make payment to First REIT under the SHTS Master Lease Agreement (as defined herein); and
- 3.5.7 the SHGB No. 1266 has been segregated into the New SHGB, with proper legal and good marketable title to SHTS having been delivered to PT PDS.

3.6 Indemnity in relation to the SHTS SPA

The Trustee has also entered into a deed of indemnity with the Sponsor pursuant to which the Sponsor will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHTS SPA.

3.7 Master Lease

In relation to the SHTS Acquisition, a conditional master lease agreement (the “**SHTS Master Lease Agreement**”) has been entered into on 26 March 2013 between PT PDS (as the SHTS master lessor) and the Sponsor (as the SHTS master lessee) pursuant to which a master lease in relation to SHTS will be granted to the Sponsor (the “**SHTS Master Lease**”) for a lease term of 15 years commencing from the date of completion of the SHTS SPA with an option to renew for a further term of 15 years.

Completion of the SHTS Master Lease Agreement is conditional upon, among others, completion of the SHTS SPA.

3.8 Interested Person Transaction

As at the date of this announcement, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed/effective interests of (i) 28.7% in First REIT and (iii) 100.0% in the Manager, and is therefore regarded as a “Controlling Unitholder” of First REIT and a “Controlling Shareholder” of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, Evodia, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a controlling Unitholder of First REIT and a controlling shareholder of the Manager), is an Interested Person and Interested Party of First REIT.

Given the SHTS Purchase Consideration of S\$93.1 million (which is 16.9% of the NTA and NAV respectively of First REIT as at 31 December 2012), the value of the SHTS Acquisition will in aggregate exceed (i) 5.0% of First REIT’s latest audited NTA and (ii) 5.0% of First REIT’s latest audited NAV.

As such, the SHTS Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and also an Interested Party Transaction under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. The SHTS

Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required.

Accordingly, the approval of Unitholders will be sought for the SHTS Acquisition and the SHTS Master Lease.

4. THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

The Manager will make partial payment for the SHTS Acquisition by issuing new Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor amounting up to an aggregate value of S\$50.0 million. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price¹¹ of the Units immediately preceding the date of completion of the SHTS Acquisition, in accordance with the provisions of the Trust Deed.

5. WHITEWASH RESOLUTION

The Manager proposes to seek approval from Independent Unitholders¹² for a waiver of their right to receive a mandatory offer pursuant to the Singapore Code on Take-overs and Mergers (the "**Code**", and a mandatory offer pursuant to Rule 14 of the Code, a "**Mandatory Offer**") from the Sponsor and parties acting in concert with the Sponsor for the remaining issued Units not owned or controlled by the Sponsor and parties acting in concert with the Sponsor, that may be triggered as a result of:

- (i) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or
- (ii) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units,

(the waiver sought from Independent Unitholders, the "**Whitewash Resolution**").

Details of the Whitewash Resolution will be set out in the Unitholders' circular to be issued in relation to the Acquisitions (the "**Unitholders' Circular**").

6. RATIONALE FOR THE ACQUISITIONS AND THE ISSUANCE OF THE CONSIDERATION UNITS

The Manager believes that the Acquisitions will bring, among others, the following key benefits to Unitholders:

6.1 Opportunity to purchase attractive and high quality properties in Bali and South Jakarta, Indonesia, at prices below valuation

The Acquisitions represent an opportunity for First REIT to acquire two hospitals which are attractive, high quality and of international standards in prime locations in Indonesia.

¹¹ "**10-Day Volume Weighted Average Price**" refers to the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the relevant business day.

¹² "**Independent Unitholders**" means Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor.

Both SHBL and SHTS (the “**Properties**”) are well-positioned for the middle to upper middle-income segment of the healthcare market.

Additionally, the Properties will be acquired at prices below the average of their independent valuations. SHBL will be acquired at a discount of 13.3% to the average of the independent valuations by W&R and Rengganis and SHTS will be acquired at a discount of 12.5% to the average of the independent valuations by W&R and Rengganis.

6.2 Increased income stability of First REIT through the SHBL Master Lease Agreement and the SHTS Master Lease Agreement and increase in First REIT’s weighted average lease to expiry

The SHBL Master Lease and the SHTS Master Lease will be beneficial to First REIT as SHBL and SHTS are expected to provide stability to First REIT’s Gross Rental Income¹³ over the next 15 to 30 years (assuming that the option to renew for a further term of 15 years is exercised). The step-up feature of the base and variable rental components under the SHBL Master Lease Agreement and the SHTS Master Lease Agreement would also provide locked-in organic growth in First REIT’s cash flow. To ensure stability in First REIT’s Gross Rental Income from the Properties, security deposits equivalent to six months of (i) SHBL’s annual rental payable (amounting to S\$4,840,000) and (ii) SHTS’s annual rental payable (amounting to S\$4,630,000) will be made to First REIT in the form of bankers’ guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

The Acquisitions are also in line with the Manager’s acquisition growth strategy of pursuing opportunities for asset acquisitions that will provide stable cash flows and returns relative to First REIT’s cost of capital and opportunities for future income and capital growth.

Currently, the master leases of the properties in First REIT’s existing portfolio (“**Existing Portfolio**”) are between 10 to 15 years. With the Acquisitions, First REIT will benefit from the increase in the Existing Portfolio (the “**Enlarged Portfolio**”)’s weighted average lease to expiry based on secured Gross Rental Income with SHBL and SHTS contributing 21.2% of First REIT’s total Gross Rental Income under the SHBL Master Lease Agreement and the SHTS Master Lease Agreement. The weighted average lease to expiry of the Enlarged Portfolio will increase from approximately 11.3 years from that of the Existing Portfolio as at 31 December 2012 to approximately 12.0 years after the completion of the Acquisitions.

6.3 Increased absolute size of First REIT’s asset base which may raise the profile of First REIT among global investors and increased portfolio size enhances First REIT’s competitive positioning and ability to pursue future acquisitions

First REIT’s asset size will grow from S\$796.7 million (as at 31 December 2012) to S\$1.0 billion after the completion of the Acquisitions. The value of First REIT’s Deposited Property¹⁴ is expected to increase by 32.7% from S\$828.8 million as at 31 December 2012 to S\$1.1 billion after the completion of the Acquisitions and there will also be a 21.2% increase in the total gross floor area from 186,790 square metres (“**sq m**”) before the Acquisitions to 226,353 sq m after the completion of the Acquisitions. The maximum

13 “**Gross Rental Income**” refers to the contracted rent under the master lease agreements in relation to SHBL, SHTS and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

14 “**Deposited Property**” refers to the gross assets of First REIT, including First REIT’s properties and authorised investments for the time being held or deemed to be held upon the trusts under the Trust Deed.

number of hospital beds for the Indonesia properties will increase by 32.4% from 1,748 to 2,314.

The larger asset base is expected to enhance First REIT's overall capital management flexibility, which will, among others, facilitate future acquisitions by First REIT.

The SHBL Acquisition and the SHTS Acquisition are expected to benefit Unitholders by improving diversification of Gross Rental Income due to diversification in geographical location and asset class. With an enlarged asset base, the operator of the Properties will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

6.4 The Acquisitions would enable First REIT to grow through the acquisition of two hospitals which enhances the diversification of First REIT's portfolio across locations and medical specialisations

The Properties are located in Indonesia in which First REIT already operates and are an extension of First REIT's Existing Portfolio.

Both SHBL and SHTS are equipped with comprehensive state-of-the-art equipment and the latest generation of smart IT-systems in Indonesia, and provide a broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services. SHBL is a Centre of Excellence for trauma, medical tourism, intensive care unit, orthopaedic and cardiology, and SHTS is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

As SHBL is located on Jalan Sunset Road which connects Kuta Area and Denpasar City, one of the fastest growing areas in Bali, SHBL is highly accessible via public and private transportation.

SHTS, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near middle upper residential area Pondok Indah and Cinere, is also highly accessible via public and private transportation.

As both SHBL and SHTS are located in Indonesia Fringe Central Region, the Acquisitions will enhance First REIT's competitive advantage and presence in Indonesia Fringe Central Region.

The above qualities of SHBL and SHTS are expected to enhance the diversification of First REIT's portfolio across locations and medical specialisations.

6.5 Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio given that SHBL and SHTS are newly refurbished and built

As at 31 December 2012, the weighted average age of properties of the Enlarged Portfolio will decrease from 10.4 years to 8.6 years (or about 17.3%) from that of the Existing Portfolio.

6.6 The issuance of the Consideration Units would limit the increase in First REIT's aggregate leverage

The aggregate leverage ratio of First REIT is expected to increase from 26.0% as at 31 December 2012 to 38.8% if the SHTS Purchase Consideration is funded wholly by debt.¹⁵

Assuming S\$50.0 million of the SHTS Purchase Consideration is satisfied by way of issuance of Consideration Units at an illustrative issue price of S\$1.1768 per Unit, with the balance of the SHTS Purchase Consideration to be paid to Evodia in cash, the aggregate leverage ratio of First REIT is expected to decrease to 34.3% compared to 38.8% if the SHTS Purchase Consideration is funded wholly by debt.

6.7 The issuance of the Consideration Units will further align the interests of the Sponsor with that of First REIT and its Unitholders

The issuance of the Consideration Units will further align the interests of the Sponsor with that of First REIT and its Unitholders as the recipient of the Consideration Units (being Evodia or its nominee) would be an indirect wholly-owned subsidiary of the Sponsor.

7. MAJOR TRANSACTIONS

7.1 Major Transactions – Chapter 10 of the Listing Manual

6.1.1 A proposed acquisition by First REIT may fall into any of the categories set out in Rule 1004 of the Listing Manual depending on the size of the relative figures computed on the following bases of comparison as stated in Rule 1006 of the Listing Manual:

- (i) the net asset value of the assets to be disposed of, compared with net asset value (not applicable to the Acquisitions);
- (ii) the net profits attributable to the assets acquired, compared with First REIT's net profits;
- (iii) the aggregate value of the consideration given, compared with First REIT's market capitalisation; and
- (iv) the number of equity securities issued as consideration for an acquisition, compared with the number of equity securities previously in issue (not applicable to the Acquisitions).

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless such transaction is in the ordinary course of First REIT's business.

¹⁵ Under the current restrictions set out in the Property Funds Appendix, First REIT is permitted to borrow only up to 35.0% of the value of its Deposited Property at the time the borrowing is incurred (and up to a maximum of 60.0% only if a credit rating of First REIT from Fitch Inc., Moody's or Standard and Poor's is obtained and disclosed to the public). In addition, such credit rating should be maintained and disclosed so long as the aggregate leverage of First REIT exceeds 35.0%. First REIT is currently not rated and is therefore permitted to borrow up to a maximum of 35.0% of the value of its Deposited Property. The Manager will consider obtaining a credit rating later this year.

While the relative figures in relation to both the SHBL Acquisition and the SHTS Acquisition computed on the bases set out in paragraph 6.1.1 above exceed 20.0%, both the SHBL Acquisition and the SHTS Acquisition are not major transactions under Chapter 10 of the Listing Manual as they are within First REIT's ordinary course of business.

- 6.1.2 However, for purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in subparagraphs 6.1.1(ii) and 6.1.1(iv) are set out in the table below.

Comparison of:	The Properties	First REIT	Relative Figure
Net Property Income ⁽¹⁾	SHBL: S\$9.6 million SHTS: S\$9.2 million Total Net Property Income of the Properties: S\$18.8 million ⁽²⁾	S\$57.2 million ⁽³⁾	16.8% 16.1% 32.9%
Purchase Consideration against First REIT's market capitalisation	SHBL: S\$97.3 million SHTS: S\$93.1 million Total Purchase Consideration of the Properties: S\$190.4 million ⁽⁴⁾	First REIT's market capitalisation: S\$796.1 million ⁽⁵⁾⁽⁶⁾	12.2% 11.7% 23.9%

Notes:

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. "**Net Property Income**" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed annual net rental of approximately S\$19.0 million under the master leases of the Properties, less property expenses.
- (3) Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year of 2012 (the "**FY2012 Audited Consolidated Financial Statements**").
- (4) Does not include transaction costs.
- (5) Based on the closing price of S\$1.195 per Unit on the SGX-ST on the date preceding this announcement.
- (6) Based on Units in issue as at the date preceding this announcement.

8. PRO FORMA FINANCIAL EFFECTS OF THE ACQUISITIONS

8.1 Pro Forma Financial Effects of the Acquisitions

The pro forma financial effects of the Acquisitions presented below are strictly for illustrative purposes only and were prepared based on the FY2012 Audited Consolidated Financial Statements, and assuming:

- (a) the Properties will be acquired for an aggregate purchase consideration of S\$194.2 million, including acquisition fees, professional and other fees and expenses;
- (b) First REIT will, upon completion of the Acquisitions, revalue the Properties to the fair value of S\$221.4 million, based on the valuation of the Properties by the independent valuers appointed by the Trustee¹⁶ and the Manager¹⁷;
- (c) S\$50.0 million of the purchase consideration will be paid to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor via the issuance of First REIT shares at an assumed 10-Day Volume Weighted Average Price of S\$1.1768;
- (d) the balance purchase consideration will be paid to the vendors of the Properties via the debt facility with the upfront costs of S\$1.9 million to be amortised over the tenure of the debt facility; and
- (e) an issue price of S\$1.1768 per Unit in relation to the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units.

8.2 Financial Year ended 31 December 2012

Pro Forma DPU

The pro forma financial effects of the Acquisitions on the distribution per Unit (“DPU”) for First REIT’s financial year ended 31 December 2012 (“FY2012”), as if First REIT had purchased the Properties on 1 January 2012, and held and operated the Properties through to 31 December 2012, are as follows:

	FY2012	
	Before the Acquisitions ⁽¹⁾	After the Acquisitions
Distributable Income (S\$'000) ⁽²⁾	41,690	49,291
Units in issue and to be issued	664,948,936	710,258,983
DPU (cents) ⁽²⁾	6.58	6.94

Notes:

(1) Based on the FY2012 Audited Consolidated Financial Statements.

(2) Excludes the other gain distribution component which is attributable to the gain on divestment of the Adam Road Property.

¹⁶ The Trustee appointed Rengganis to value SHBL and SHTS.

¹⁷ The Manager appointed W&R to value SHBL and SHTS.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2012, as if First REIT had purchased the Properties on 31 December 2012, are as follows:

As at 31 December 2012		
	Before the Acquisitions ⁽¹⁾	After the Acquisitions
NAV (S\$'000)	550,074	635,723
Units in issue and to be issued	664,948,936	710,258,983
NAV per Unit (S\$)	0.83	0.90

Notes:

(1) Based on the FY2012 Audited Consolidated Financial Statements.

Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2012, as if First REIT had purchased the Properties on 31 December 2012.

As at 31 December 2012		
	Actual	As adjusted for the Acquisitions
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
Long-term debt:		
Unsecured	-	-
Secured	212,842	358,992
Total long-term debt	212,842	358,992
Total Debt	212,842	358,992
Unitholders funds	550,074	635,723
Total Capitalisation	762,916	994,715

9. OTHER INFORMATION

9.1 Interests of Directors and Substantial Unitholders¹⁸

9.1.1 Interests of Directors of the Manager

As at the date of this announcement, the details of the unitholdings of the directors of the Manager (“**Directors**”) are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Albert Saychuan Cheok	580,000	0.0871	-	-	580,000	0.0871
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Wong Gang	-	-	-	-	-	-
Mr Ketut Budi Wijaya	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo @ Tan Kay Poo ⁽²⁾	29,000	0.0044	4,739,800	0.7115	4,768,800	0.7159

Notes:

- (1) Percentage interest is based on 666,152,932 Units in issue as at the date of this announcement.
- (2) Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 3,419,050 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 1,055,000 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd. and (iii) 70,000 Units held by UOB Kay Hian Private Limited and 195,750 Units held by DBS Nominees Pte. Ltd., both as the nominees of his spouse Mdm Law Deborah.

Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the SHBL Acquisition or the SHTS Acquisition.

9.1.2 Interests of Substantial Unitholders

As at the date of this announcement, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Bridgewater International Ltd	123,750,000	18.6	-	-	123,750,000	18.6
PT Menara Tirta Indah	43,000,000	6.5	-	-	43,000,000	6.5
PT Primakreasi Properindo ⁽²⁾	-	-	43,000,000	6.5	43,000,000	6.5
Lippo Karawaci Corporation Pte. Ltd. ⁽³⁾	-	-	148,352,932	22.3	148,352,932	22.3

18 “**Substantial Unitholders**” refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
The Sponsor ⁽⁴⁾	-	-	191,352,932	28.7	191,352,932	28.7

Notes:

- (1) Percentage interest is based on 666,152,932 Units in issue as at the date of this announcement.
- (2) PT Primakreasi Propertindo is deemed to be interested in 43,000,000 Units held by its wholly owned subsidiary, PT Menara Tirta Indah.
- (3) Lippo Karawaci Corporation Pte. Ltd. is deemed to be interested in (i) 123,750,000 Units held by its wholly owned subsidiary, Bridgewater International Ltd; and (ii) 24,602,932 Units held by Bowsprit Capital Corporation Limited.
- (4) The Sponsor is deemed to be interested in (i) 123,750,000 Units held by its indirect wholly owned subsidiary, Bridgewater International Ltd; (ii) 43,000,000 Units held by its indirect wholly owned subsidiary, PT Menara Tirta Indah; and (iii) 24,602,932 Units held by Bowsprit Capital Corporation Limited.

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries Bridgewater International Ltd. and PT Menara Tirta Indah and through its 100.0% interest in the Manager, holds an aggregate indirect interest of 28.7% in First REIT and is deemed to be a Controlling Unitholder of First REIT.

9.2 Directors' Service Contracts

No person is proposed to be appointed as a Director in relation to the SHBL Acquisition and the SHTS Acquisition or any other transactions contemplated in relation to the SHBL Acquisition and the SHTS Acquisition.

9.3 Existing Interested Person Transactions

Pursuant to Rule 917(5) of the Listing Manual, First REIT has not entered into any Interested Person Transaction with the Sponsor and/or any associate of the Sponsor in the current financial year.

9.4 Opinion of the Audit Committee and Independent Financial Adviser

Pursuant to Rule 917(4)(a)(ii) of the Listing Manual, the audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang (the "**Audit Committee**"), will obtain an opinion from Stirling Coleman Capital Limited, the independent financial adviser (the "**IFA**"), on whether or not the Acquisitions, the SHBL Master Lease, the SHTS Master Lease, the proposed issuance of the Consideration Units and the Whitewash Resolution are (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and its minority Unitholders.

The Audit Committee will form its views on the Acquisitions, the SHBL Master Lease, the SHTS Master Lease, the proposed issuance of the Consideration Units and the Whitewash Resolution after taking into account the opinion of the IFA.

10. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321 from the date of this announcement up to and including the date falling three months after the date of the Unitholders' Circular seeking approval of Unitholders for the Acquisitions, the SHBL Master Lease and the SHTS Master Lease¹⁹:

- (i) the SHBL SPA;
- (ii) the SHTS SPA;
- (iii) the SHBL Master Lease Agreement;
- (iv) the SHTS Master Lease Agreement;
- (v) the full valuation report on the SHBL issued by W&R;
- (vi) the full valuation report on the SHBL issued by Rengganis;
- (vii) the full valuation report on SHTS issued by W&R; and
- (viii) the full valuation report on SHTS issued by Rengganis.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as First REIT continues to be in existence.

11. FURTHER DETAILS

The Unitholders' Circular in relation to the Acquisitions, the proposed issuance of the Consideration Units and the Whitewash Resolution, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course after approval has been received from the SGX-ST in relation to the Unitholders' Circular.

By Order of the Board

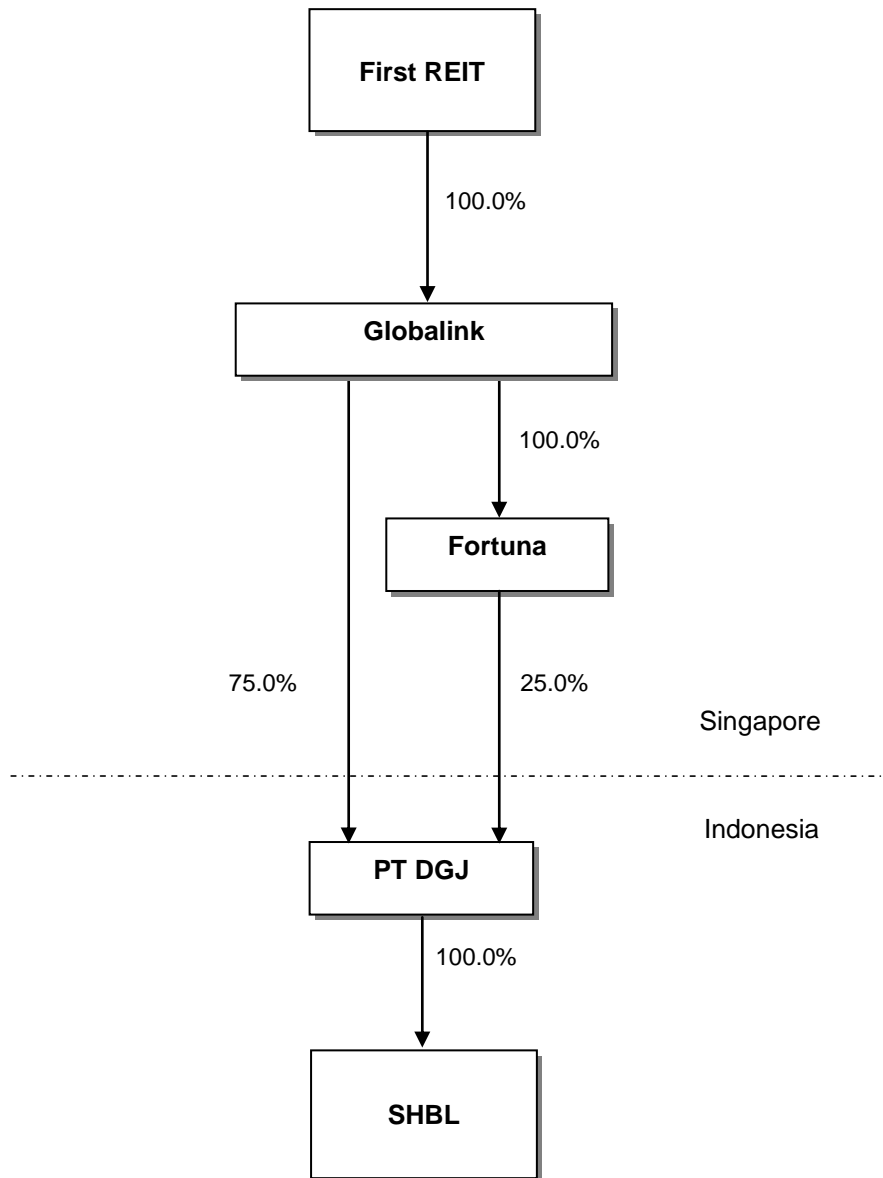
Dr Ronnie Tan Keh Poo
Chief Executive Officer
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
(Company registration no. 200607070D)

27 March 2013

19 Prior appointment with the Manager (telephone: +65 6435 0168) will be appreciated.

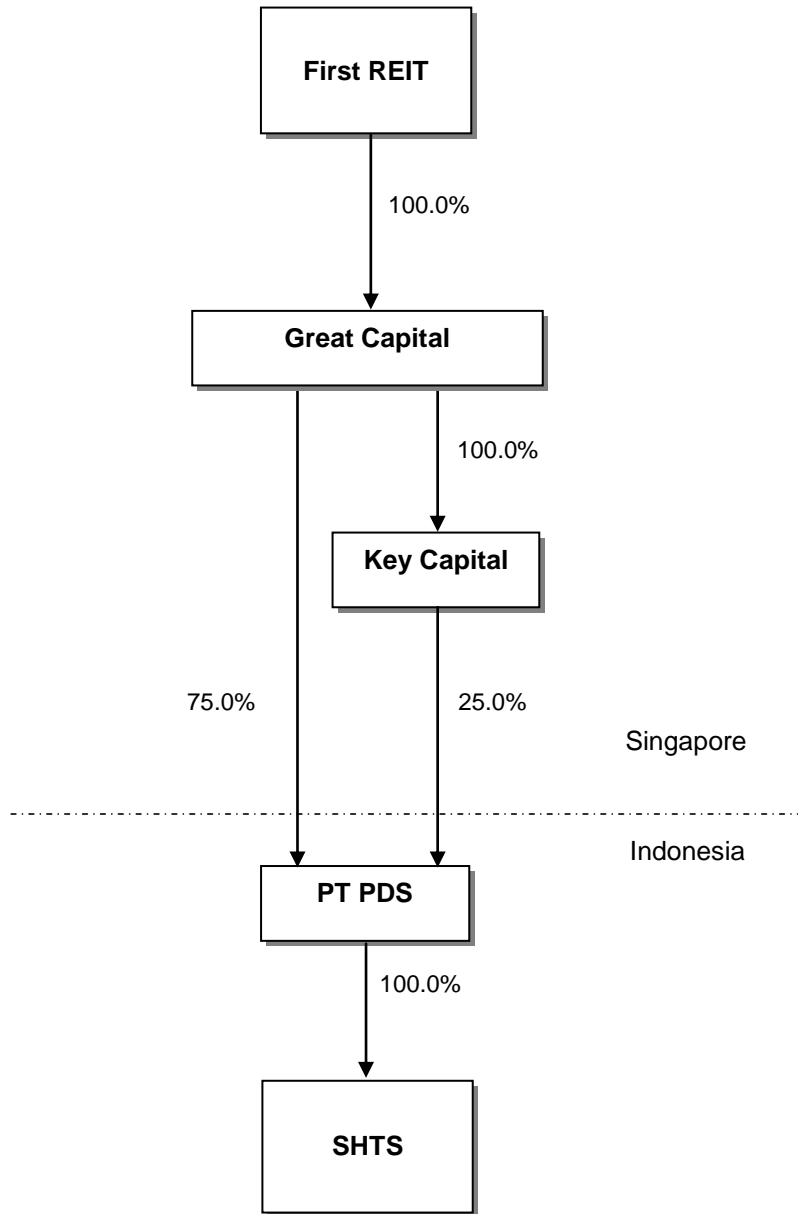
APPENDIX A

Chart illustrating the structure under which SHBL is proposed to be held by First REIT upon completion of the SHBL Acquisition



APPENDIX B

Chart illustrating the structure under which SHTS will be held by First REIT upon completion of the SHTS Acquisition.



Important Notice

The value of 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 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 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.