



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

## ANNOUNCEMENT

### PROPOSED ACQUISITION

#### 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 First REIT, through PT Sriwijaya Mega Abadi ("**PT SMA**"), a company incorporated in Indonesia and an indirect wholly-owned subsidiary of First REIT, has on 2 December 2014 entered into a master sale and purchase agreement with PT Bisma Pratama Karya ("**PT BPK**") (the "**SS SPA**") for the acquisition of Siloam Sriwijaya (the "**SS Acquisition**").

Siloam Sriwijaya, a seven-storey hospital building which was completed in 2012, is located at Jalan POM IX, Komplek Palembang Square, Palembang, Indonesia. It has an operational capacity of 135 beds, with a maximum capacity of 347 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall and a hospital and 800 vehicle parking lots.

Siloam Sriwijaya is currently operating under the "Siloam Hospitals" brand. Siloam Sriwijaya has a total floor area ("**GFA**") of about 15,335.77 square metres ("**sq m**"). The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for emergency and trauma.

#### 2. THE SS ACQUISITION

##### 2.1 Structure of the SS Acquisition

The Manager is seeking to acquire Siloam Sriwijaya for a purchase consideration of S\$39.16 million<sup>1</sup> (the "**SS Purchase Consideration**") from PT BPK, which is a wholly-owned subsidiary of PT. Metropolis Propertindo Utama ("**PT MPU**"). PT MPU, a limited liability company incorporated in Indonesia, is primarily involved in the development and ownership of investment properties.

PT BPK is not an Interested Person<sup>2</sup> or an Interested Party<sup>3</sup> of any of the Manager, the

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1 The Purchase Consideration is inclusive of the applicable land and building acquisition expenses (*Biaya Perolehan Hak Atas Tanah dan Bangunan*) to be paid to the relevant tax office.

2 "**Interested Person**" has the meaning ascribed to it in the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

3 "**Interested Party**" has the meaning ascribed to it in Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**").

sponsor of First REIT (being PT Lippo Karawaci Tbk (the “**Sponsor**”)), or the Trustee<sup>4</sup>.

For the purposes of the SS Acquisition, First REIT has on 20 November 2014 incorporated PT SMA with an initial share capital of Rp.65,000,000,000. Sriwijaya Investment I Pte. Ltd. (a wholly-owned subsidiary of First REIT) (“**SI 1**”) and Sriwijaya Investment II Pte. Ltd. (a wholly-owned subsidiary of Sriwijaya Investment I Pte. Ltd.) (“**SI 2**”) respectively own 75% and 25% of the initial share capital of PT SMA.

Under the SS SPA, PT BPK will receive S\$33.16 million of the SS Purchase Consideration in cash, with the remaining S\$6.00 million of the SS Purchase Consideration to be satisfied by the issuance of new units in First REIT (“**Units**”, and the new Units proposed to be issued to finance the SS Acquisition, the “**Consideration Units**”). The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price<sup>5</sup> of the Units immediately preceding the date of completion of the SS Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

As the local land office in Indonesia is currently in the process of converting Siloam Sriwijaya into a strata title building, the strata title certificates in relation to Siloam Sriwijaya (“**Strata Title Certificates**”) have not yet been issued to PT BPK. Therefore, after PT BPK has been registered in the Strata Title Certificates as the new holder of the Hospital Units, PT SMA and PT BPK will enter into a conditional sale and purchase agreement on the same terms as that of the SS SPA (the “**New CSPA**”), and upon such entry, PT SMA and PT BPK will enter into a termination agreement (the “**Termination Agreement**”) to terminate the SS SPA. The Strata Title Certificates are currently expected to be issued on or about 30 January 2015.

Upon completion of the SS Acquisition, First REIT will indirectly hold Siloam Sriwijaya through PT SMA under a Strata Title (*Hak Milik Satuan Rumah Susun*)<sup>6</sup>. The ‘Right to Build’ (*Hak Guna Bangunan* or “**HGB**”) title certificate<sup>7</sup> upon which Siloam Sriwijaya is built will expire on the earlier of either the date of expiry of the HGB title (being 3 February 2044, unless extended) or the date of expiry of the underlying “Build, Operate and Transfer” agreement in respect of which the HGB title is issued (being 24 January 2041, unless extended).

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4 “**Trustee**” means HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT.

5 “**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.

6 Under the prevailing law in Indonesia, the strata title rights over the strata title units will cease to exist/terminate following the expiration of the HGB title on which the strata title unit is constructed. Further, under the prevailing law in Indonesia, the owners of the strata titles are obliged to establish an owners’ Association (Perhimpunan Pemilik dan Penghuni Satuan Rumah Susun) to manage the common land, common property and common area of the strata title building (including the extension of the term of the HGB). Therefore, before the HGB expires, the owners through the Association (Perhimpunan Pemilik dan Penghuni Satuan Rumah Susun) should apply for the extension or renewal of such HGB in accordance with the prevailing laws and regulations.

7 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 title certificates 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.

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

## 2.2 Valuation

Although only one independent valuation is required as the SS Acquisition is not an Interested Person Transaction or an Interested Party Transaction, two independent property valuers, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE (“**Rengganis**”) and KJPP Winarta & Rekan in association with Jones Lang LaSalle (“**Winarta**”), were appointed by the Trustee and the Manager respectively to value Siloam Sriwijaya.

The SS Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of Siloam Sriwijaya by Rengganis and Winarta, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Rengganis and Winarta using the income approach utilising the discounted cash flow method as the subject property will be under a master lease agreement with PT MPU (as the master lessee of Siloam Sriwijaya). This approach considers the subject property as an income producing property.

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

Property	Appraised Value		Purchase Consideration
	By Rengganis as at	By Winarta as at	
	1 October 2014	1 October 2014	
	(S\$ million)	(S\$ million)	(S\$ million)
Siloam Sriwijaya .....	41.60	43.79	39.16

The SS Purchase Consideration represents a discount of 10.6% to the higher of the two independent valuations for Siloam Sriwijaya.

## 2.3 SS Acquisition Cost

The total cost of the SS Acquisition, comprising the SS Purchase Consideration of S\$39.16 million, the acquisition fee of S\$0.39 million (the “**SS Acquisition Fee**”)<sup>8</sup> payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) which may be payable in the form of cash and/or Units as the Manager may elect, as well as the professional and other fees and expenses of approximately S\$0.70 million to be incurred by First REIT in connection with the SS Acquisition, is estimated to be approximately S\$40.26 million (the “**SS Acquisition Cost**”).

## 2.4 Method of Financing

S\$33.16 million of the SS Purchase Consideration will be paid in cash and the remaining S\$6.00 million will be satisfied by way of the issuance of Consideration Units.

The cash portion of the SS Acquisition Cost is expected to be financed via a drawdown from First REIT’s committed debt facility.

8 Being 1.0% of the SS Purchase Consideration.

## **2.5 Conditions Precedent for the Completion of the SS Acquisition**

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

- 2.5.1** there being no compulsory acquisition of Siloam Sriwijaya or any part of it, and no notice of an intended compulsory acquisition has been given, or is anticipated to be given by the government or any other competent authority;
- 2.5.2** Siloam Sriwijaya is not materially damaged;
- 2.5.3** the entry into of the Deed of Indemnity (as defined below) by PT MPU and the Trustee;
- 2.5.4** the entry into of the SS Master Lease Agreement (as defined below) by PT SMA (as lessor) and PT MPU (as lessee);
- 2.5.5** the Manager securing sufficient financing to undertake the SS Acquisition and the agreements for such financing not having been terminated and being unconditional in all respects;
- 2.5.6** PT SMA and First REIT being satisfied with the results of due diligence (including but not limited to legal, financial, tax and building due diligence) to be conducted by PT SMA, First REIT and/or its counsels or advisers, which PT SMA and/or First REIT may consider to be relevant;
- 2.5.7** there being no adverse change to the financial condition of PT MPU (as the master lessee of Siloam Sriwijaya) or its ability to make payment to PT SMA under the SS Master Lease Agreement;
- 2.5.8** the execution of the New CSPA by PT SMA and PT BPK; and
- 2.5.9** the execution of the Termination Agreement by PT SMA and PT BPK.

Upon the fulfilment or waiver (as the case may be) of, among others, the conditions precedent in paragraphs 2.5.1 to 2.5.9, a deed of sale and purchase of the Strata Title Certificates (the “**Deed of Strata Title SPA**”) shall be executed before the authorised Land Deed Officer (*Pejabat Pembuat Akta Tanah*) between PT SMA and PT BPK in accordance with the applicable Indonesian laws.

## **2.6 Indemnity in relation to the SS Acquisition**

The Trustee has also entered into a deed of indemnity (the “**Deed of Indemnity**”) with PT MPU on 2 December 2014 pursuant to which PT MPU will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SS Acquisition.

## **2.7 The SS Master Lease Agreement**

In relation to the SS Acquisition, a master lease agreement (the “**SS Master Lease Agreement**”) has been entered into between PT SMA (as the master lessor of Siloam Sriwijaya) and PT MPU (as the master lessee of Siloam Sriwijaya) on 2 December 2014

pursuant to which a master lease in relation to Siloam Sriwijaya will be granted to PT MPU (the “**SS Master Lease**”) for a lease term of 15 years, commencing from the date of completion of the SS SPA with an option to renew for a further term of 15 years. Some of the key terms of the SS Master Lease Agreement are as follows.

#### **2.7.1 Base Rent**

The SS Master Lease is granted at an initial base rent of S\$3,900,000 (the “**SS Base Rent**”) per annum. The SS Base Rent is payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the SS Master Lease, at a rate equal to twice the percentage increase of the Consumer Price Index of Singapore (the “**Singapore CPI**”) for the preceding calendar year, subject to a floor of 0.0% and a cap of 2.0%. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual SS Base Rent.

#### **2.7.2 Variable Rent**

Variable rent is payable quarterly in advance and no variable rent will be payable in the first, second and third year of the SS Master Lease. No variable rent will be payable for the first three years of operations as this will enable the tenant to conserve its cash flow to step up and enhance its operations to an optimal level. Variable rent for the fourth year and for subsequent years of the SS Master Lease is based on the SS Gross Operating Revenue<sup>9</sup> growth and is calculated as described in sub-paragraph 2.7.4 below.

#### **2.7.3 Fixed Exchange Rate**

The SS Total Rent<sup>10</sup> shall be paid in Singapore dollars. In respect of the variable rent, if the gross operating revenue on which the calculation of the variable rent is based is calculated in Indonesian Rupiah, the SS Total Rent will be paid according to the exchange rate of S\$1.00 to Rp.9,400 (which shall be fixed for the entire lease term).

#### **2.7.4 Computation of Variable Rent for the Fourth Year of the SS Master Lease**

No variable rent will be payable in the first, second and third year of the SS Master Lease. For the fourth year and for subsequent years of the SS Master Lease, the variable rent payable is computed as follows:

- where the SS Gross Operating Revenue for the preceding financial year exceeds the SS Gross Operating Revenue for the further preceding financial year by an amount that is 5.0% or more but less than 15.0%, the variable rent payable by the master lessee of Siloam Sriwijaya shall be equivalent to 0.75% of such excess amount;
- where the SS Gross Operating Revenue for the preceding financial year exceeds the SS Gross Operating Revenue for the further preceding

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<sup>9</sup> “**SS Gross Operating Revenue**” means the gross operating revenue of the tenant derived specifically from the tenant’s healthcare and/or healthcare-related business carried on at the property, as audited for such period commencing 1 January and ending on 31 December of the same year (“**fiscal year**”). In the event the property is sub-let by the tenant to a sub-tenant, the gross operating revenue shall mean with respect to a fiscal year, the gross operating revenue of the sub-tenant derived specifically from the sub-tenant’s healthcare and/or healthcare-related business carried on at the property, as audited for such fiscal year.

<sup>10</sup> “**SS Total Rent**” refers to the sum of the SS Base Rent and the variable rent payable in respect of Siloam Sriwijaya.

financial year by an amount that is 15.0% or more but less than 30.0%, the variable rent payable by the master lessee of Siloam Sriwijaya shall be equivalent to 1.25% of such excess amount; and

- where the SS Gross Operating Revenue for the preceding financial year exceeds the SS Gross Operating Revenue for the further preceding financial year by an amount of 30.0% or more, the variable rent payable by the master lessee of Siloam Sriwijaya shall be equivalent to 2.00% of such excess amount.

For the avoidance of doubt, when the SS Gross Operating Revenue of the preceding financial year of the lessee does not exceed the SS Gross Operating Revenue of the further preceding financial year by 5.0% or more, no variable rent is payable.

#### **2.7.5 Insurance**

At all times during the term of the SS Master Lease and during any period of holding over, PT MPU shall at its cost and expense, take out and keep in force the following insurance policies:

- (i) an insurance policy over all of PT MPU's property including any and all goods and stock-in-trade in Siloam Sriwijaya to their full insurable value against all risks commonly insured against in respect of such property;
- (ii) an insurance policy against loss of rental income, terrorism, sabotage and all risks and business interruption in the joint names of PT SMA and PT MPU to its full market insurable amount as assessed by PT SMA, damage to the building at Siloam Sriwijaya and all parts thereof which PT MPU is obliged to keep in repair under the SS Master Lease;
- (iii) a comprehensive public liability insurance policy in the joint names of PT SMA and PT MPU against claims for personal injury, death or property damage or loss, arising out of all operations of PT MPU and its permitted occupiers in Siloam Sriwijaya; and
- (iv) an insurance policy covering all of PT MPU's property all risks (including earthquake) with such insurance coverage as appropriate and typical for the size and type of business carried out by PT MPU at Siloam Sriwijaya. PT MPU shall pay for any increase in premium payable due to increase in sum insured for property all-risk (including earthquake), if any.

### **3. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS**

As described in paragraph 2.4 above, the Manager will make partial payment for the SS Acquisition by issuing Consideration Units of the value of S\$6.00 million. Based on an illustrative issue price of S\$1.23 per Consideration Unit, the total number of the Consideration Units will be equivalent to 4,878,048 Units representing 0.67% of the total number of Units in issue as at the date of this announcement. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SS Acquisition, in accordance with the provisions of the Trust Deed.

#### 4. **RATIONALE FOR THE SS ACQUISITION, THE SS MASTER LEASE AND THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS**

The Manager believes that the SS Acquisition, the SS Master Lease and the proposed issuance of the Consideration Units will bring, among others, the following key benefits to Unitholders:

- (i) acquisition of an attractive property in Palembang, Indonesia, at a price below the independent valuations;
- (ii) unique opportunity to invest in a growing market in Palembang, Indonesia;
- (iii) increased income stability of First REIT through the SS Master Lease Agreement and an increase in First REIT's weighted average lease to expiry;
- (iv) increased absolute size of First REIT's asset base which may raise the profile of First REIT among global investors and an increased portfolio size which enhances First REIT's competitive positioning and ability to pursue future acquisitions;
- (v) the SS Acquisition enhances the diversification of First REIT's portfolio across locations and medical specialisations; and
- (vi) the proposed issuance of the Consideration Units would limit the increase in First REIT's aggregate leverage.

#### 6. **PRO FORMA FINANCIAL EFFECTS OF THE SS ACQUISITION**

##### 6.1 **Pro Forma Financial Effects of the SS Acquisition**

The pro forma financial effects of the SS Acquisition presented below are strictly for illustrative purposes only and were prepared based on:

- (i) the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2013 ("**FY2013**", and the audited consolidated financial statements of First REIT and its subsidiaries for FY2013, the "**FY2013 Audited Consolidated Financial Statements**"); and
- (ii) the unaudited consolidated financial statements of First REIT for the nine months ended 30 September 2014 ("**9M2014**", and the unaudited consolidated financial statements of First REIT for 9M2014, the "**9M2014 Unaudited Financial Statements**"),

and assuming:

- (a) the SS Acquisition Cost, comprising the SS Purchase Consideration, the SS Acquisition Fee, as well as the professional and other fees and expenses, is S\$40.26 million;
- (b) First REIT will, upon completion of the SS Acquisition, revalue Siloam Sriwijaya to the fair value of S\$43.79 million, based on the valuation of Siloam Sriwijaya by Winarta, who is appointed by the Manager;

- (c) S\$6.00 million of the SS Purchase Consideration will be paid via the issuance of the Consideration Units at an assumed 10-Day Volume Weighted Average Price of S\$1.23 per Unit;
- (d) an assumed issue price of S\$1.23 per Unit (similar to the issue price of the Consideration Units) in relation to the SS Acquisition Fee Units.

## 6.2 Financial Year ended 31 December 2013

### Pro Forma DPU

The pro forma financial effects of the SS Acquisition on the distribution per Unit (“DPU”) for FY2013, as if First REIT had purchased Siloam Sriwijaya on 1 January 2013, and held and operated Siloam Sriwijaya through to 31 December 2013, are as follows:

	<b>FY2013</b>	
	<b>Before the SS Acquisition<sup>(1)</sup></b>	<b>After the SS Acquisition</b>
Distributable Income (S\$'000)	52,086	53,487
Units in issue and to be issued	708,242,300	732,184,958
DPU (cents)	7.52	7.71

**Note:**

(1) Based on the FY2013 Audited Consolidated Financial Statements.

### Pro Forma NAV per Unit

The pro forma financial effects of the SS Acquisition on the NAV per Unit as at 31 December 2013, as if First REIT had purchased Siloam Sriwijaya on 31 December 2013, are as follows:

	<b>As at 31 December 2013</b>	
	<b>Before the SS Acquisition<sup>(1)</sup></b>	<b>After the SS Acquisition</b>
NAV (S\$'000)	682,899	746,066
Units in issue and to be issued	708,242,300	732,184,958
NAV per Unit (S\$)	96.64	101.90

**Note:**

(1) Based on the FY2013 Audited Consolidated Financial Statements.



### Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2013, as if First REIT had purchased Siloam Sriwijaya on 31 December 2013.

	As at 31 December 2013	
	Actual	As adjusted for the SS Acquisition
	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
<b>Long-term debt:</b>		
Unsecured	100,000	100,000
Secured	257,842	275,442
Total long-term debt	357,842	375,442
Total Debt	357,842	375,442
Unitholders funds	682,899	746,066
<b>Total Capitalisation</b>	<b>1,040,741</b>	<b>1,121,508</b>

### 6.3 Nine months ended 30 September 2014

#### Pro Forma DPU

The pro forma financial effects of the SS Acquisition on the DPU for 9M2014, as if First REIT had purchased Siloam Sriwijaya on 1 January 2014, and held and operated Siloam Sriwijaya through to 30 September 2014, are as follows:

	9M2014	
	Before the SS Acquisition <sup>(1)</sup>	After the SS Acquisition
Distributable Income (S\$'000)	43,254	44,314
Units in issue and to be issued	727,306,958	736,580,488
DPU (cents)	6.01	6.15

**Note:**

(1) Based on the 9M2014 Unaudited Financial Statements.

### Pro Forma NAV per Unit

The pro forma financial effects of the SS Acquisition on the NAV per Unit as at 30 September 2014, as if First REIT had purchased Siloam Sriwijaya on 30 September 2014, are as follows:

	<b>As at 30 September 2014</b>	
	<b>Before the SS Acquisition<sup>(1)</sup></b>	<b>After the SS Acquisition</b>
NAV (S\$'000)	704,304	755,527
Units in issue and to be issued	727,306,958	736,580,488
NAV per Unit (S\$)	96.99	102.57

**Note:**

(1) Based on the 9M2014 Unaudited Financial Statements.

### Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2014, as if First REIT had purchased Siloam Sriwijaya on 30 September 2014.

	<b>As at 30 September 2014</b>	
	<b>Actual</b>	<b>As adjusted for the SS Acquisition</b>
	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>		
Unsecured	26,500	26,500
Secured	-	-
Total short-term debt	26,500	26,500
<b>Long-term debt:</b>		
Unsecured	100,000	100,000
Secured	245,957	275,257
Total long-term debt	345,957	375,257
Total Debt	372,457	401,757
Unitholders funds	704,304	755,527
<b>Total Capitalisation</b>	<b>1,076,761</b>	<b>1,157,284</b>

## 7. OTHER INFORMATION

### 7.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

7.1.1 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 SS Acquisition);
- (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.

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.

7.1.2 None of the relative figures in relation to the SS Acquisition computed on the bases set out above exceed 20.0%. Furthermore, the SS Acquisition is not a major transaction under Chapter 10 of the Listing Manual as it is within First REIT's ordinary course of business. However for the purposes of illustration to Unitholders, the relative figures for the SS Acquisition using the applicable bases of comparison described in sub-paragraphs 7.1.1(ii), 7.1.1(iii) and 7.1.1(iv) are set out in the table below.

Comparison of:	Siloam Sriwijaya	First REIT	Relative Figure
Net Property Income <sup>(1)</sup>	S\$3.90 million <sup>(2)</sup>	S\$80.37 million <sup>(3)</sup>	4.85%
Purchase Consideration against First REIT's market capitalisation	S\$39.16 million <sup>(4)</sup>	First REIT's market capitalisation: S\$911.00 million <sup>(5),(6)</sup>	4.30%
Units issued as consideration against the Units previously in issue	4,878,000 <sup>(7)</sup>	731,702,488	0.67%

**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 agreement in relation to the Enlarged Portfolio<sup>11</sup> which comprises Gross Rental Income<sup>12</sup> (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed annual net rental of approximately S\$3.90 million under the master lease of Siloam Sriwijaya, less property expenses.
- (3) Based on the FY2013 Audited Consolidated Financial Statements.
- (4) Does not include transaction costs.
- (5) Based on the closing price of S\$1.245 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.
- (7) Based on an illustrative issue price of S\$1.23 per Consideration Units.

## **7.2 Interests of Directors and Substantial Unitholders<sup>13</sup>**

Based on information available to the Manager, save for their respective unitholdings in First REIT, none of the Directors and the Substantial Unitholders have an interest, direct or indirect, in the SS Acquisition.

## **7.3 Directors’ Service Contracts**

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

## **8. 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 thereafter<sup>14</sup>:

- (i) the SS SPA;
- (ii) the Deed of Indemnity;
- (iii) the Master Lease Agreement;
- (iv) the full valuation report on Siloam Sriwijaya issued by Rengganis;
- (v) the full valuation report on Siloam Sriwijaya issued by Winarta; and
- (vi) the FY2013 Audited Consolidated Financial Statements.

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.

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<sup>11</sup> “**Enlarged Portfolio**” consists of Siloam Sriwijaya and the existing properties of First REIT.

<sup>12</sup> “**Gross Rental Income**” refers to the contracted rent under the Siloam Sriwijaya master lease agreement and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

<sup>13</sup> “**Substantial Unitholders**” refers to Unitholders with an interest in more than 5.0% of all Units in issue.

<sup>14</sup> Prior appointment with the Manager (telephone: +65 6435 0168) will be appreciated.

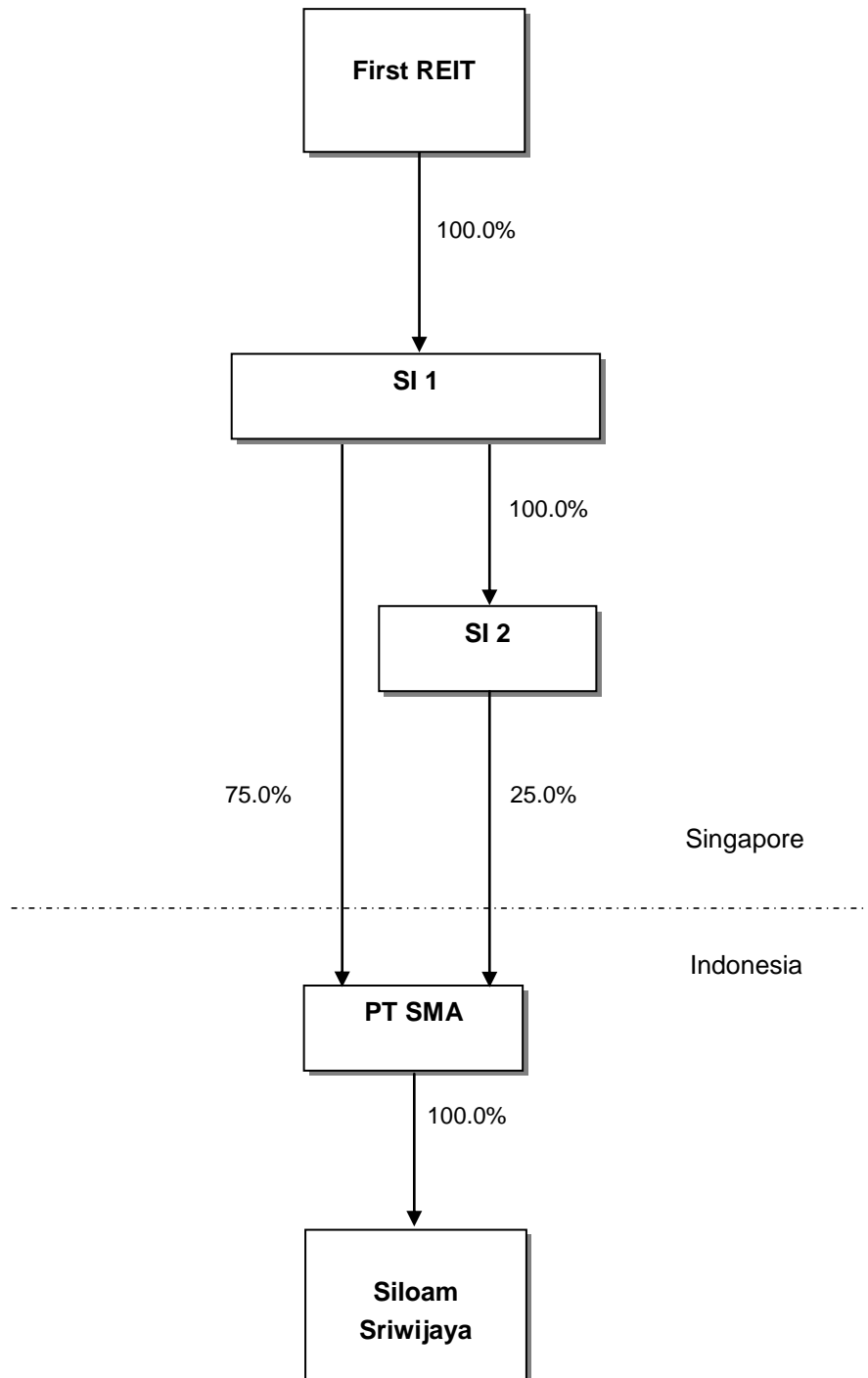
By Order of the Board

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

3 December 2014

## APPENDIX A

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



**Important Notice**

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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.