



(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 its wholly-owned Singapore-incorporated subsidiaries, has on 19 November 2015 entered into the following conditional share purchase agreements in relation to the acquisition of the entire issued share capital of PT Nusa Bahana Niaga, a limited liability company incorporated in Indonesia ("PT NBN", and the acquisition of PT NBN, the "Kupang Acquisition"):

- (i) SHKP Investment I Pte. Ltd. (a wholly-owned subsidiary of First REIT) ("SHKP 1") has entered into a conditional share purchase agreement with PT Bumi Sarana Sejahtera ("PT BSS") pursuant to which SHKP 1 proposes to acquire 75.00% of the issued share capital of PT NBN from PT BSS;
- (ii) SHKP Investment II Pte. Ltd. (is wholly-owned by SHKP 1 and an indirect wholly-owned subsidiary of First REIT) ("SHKP 2") has entered into a conditional share purchase agreement with PT BSS pursuant to which SHKP 2 proposes to acquire 24.98% of the issued share capital of PT NBN from PT BSS; and
- (iii) SHKP 2 has entered into a conditional share purchase agreement with PT Graha Data Nusa ("PT GDN") pursuant to which SHKP 2 proposes to acquire 0.02% of the issued share capital of PT NBN from PT GDN,

(collectively, the "PT NBN Share Purchase Agreements").

PT BSS and PT GDN (collectively, the "Vendors") are both limited liability companies incorporated in Indonesia and subsidiaries of PT Metropolis Propertindo Utama ("PT MPU"), a company incorporated in Indonesia which is primarily involved in the development and ownership of investment properties.

The Vendors are not related to any of the Manager, HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT) (the "Trustee") or PT Lippo Karawaci Tbk, the sponsor of First REIT (the "Sponsor"). For the avoidance of doubt, the Kupang Acquisition is not an Interested Person¹ transaction or an Interested Party² transaction under 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

¹ "Interested Person" has the meaning ascribed to it in the Listing Manual.

² "Interested Party" has the meaning ascribed to it in the Property Funds Appendix.

6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), respectively.

PT NBN had entered into a “Build Operate and Transfer (“BOT”) agreement with the Provincial Government of Nusa Tenggara Timur (as the BOT grantor (the “**BOT Grantor**”)) dated 12 May 2011 (the “**BOT Agreement**”) pursuant to which PT NBN (as the BOT grantee (the “**BOT Grantee**”)) was granted certain rights in relation to a parcel of land of the Right to Use (*Hak Pakai*) No. 14/Kel. Fatululi (the “**BOT Land**”), which includes the buildings situated on the BOT Land, comprising Lippo Plaza Kupang (“LPK”) and Siloam Hospitals Kupang (“SHKP”, and together with LPK, the “**Property**”).

Further details in respect of the structure of the Kupang Acquisition are set out at paragraph 2 below.

In relation to the Kupang Acquisition, it is proposed that PT NBN will enter into the following master lease agreements on or about the date of completion of the Kupang Acquisition:

- (a) a master lease agreement between PT NBN (as the master lessor of SHKP and the surrounding BOT Land (excluding the land under the LPK Master Lease (as defined below)) (the “**SHKP BOT Land**” and together with SHKP, the “**SHKP Land**”)) and PT MPU (as the master lessee of the SHKP Land) (the “**SHKP Master Lease Agreement**”), pursuant to which PT MPU will lease the SHKP Land for a lease term of 15 years, commencing from the date of completion of the Kupang Acquisition with an option to renew for a further term of 15 years (the “**SHKP Master Lease**”). This option to renew is subject to, among others, the extension of the term of the BOT Agreement; and
 - (b) a master lease agreement between PT NBN (as the master lessor of LPK) and PT BSS (as the master lessee of LPK) (the “**LPK Master Lease Agreement**”), pursuant to which PT BSS will lease LPK for a lease term of 15 years, commencing from the date of completion of the Kupang Acquisition with an option to renew for a further term of 15 years. (the “**LPK Master Lease**” and together with the SHKP Master Lease, the “**Kupang Master Leases**”). This option to renew is subject to, among others, the extension of the term of the BOT Agreement,
- (collectively, the “**Kupang Master Lease Agreements**”).

2. THE KUPANG ACQUISITION

2.1 Description of SHKP, the SHKP BOT Land and LPK

2.1.1 Description of SHKP and the SHKP BOT Land

SHKP, which is located at Jalan Veteran No. 4, Arena Pameran Fatatuli, Kupang, East Nusa Tenggara, Indonesia, comprises a four-storey hospital building with one basement floor with a gross floor area (“GFA”) of 21,593 square metres (“sq m”). It has a maximum capacity of 405 beds and 133 vehicle parking spaces. SHKP was completed in November 2014 and commenced operations under the “Siloam Hospitals” brand on 20 December 2014. It is a Centre of Excellence for Emergency & Trauma, Mother and Child, and the various specialties offered

include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.

The SHKP BOT Land consists of, among others, an open vehicle parking area, driveways, drop-off areas, pavements, loading dock areas and a lawn.

2.1.2 Description of LPK

LPK, which is located at Jalan Veteran No. 4, Arena Pameran Fatatuli, Kupang, East Nusa Tenggara, Indonesia, is a three-storey shopping mall with a rooftop on which a cinema and a car park are located, with a GFA of 33,775 sq m. LPK was completed in December 2014 and commenced operations in March 2015. LPK and SHKP will be connected via a covered linkway, which is still under construction and is expected to be completed by June 2016.

2.2 Structure of the Kupang Acquisition

The Manager is seeking to acquire PT NBN, a company incorporated in Indonesia with its registered office at Gedung Berita Satu Plaza Lt. 10, Jl. Jendral Gatot Subroto Kav. 35-36, Kelurahan Kuningan Timur, Kecamatan Setiabudi, Jakarta Selatan, for a purchase consideration of S\$70.00 million³ from the Vendors (the “**Kupang Purchase Consideration**”). PT NBN in turn, owns the Property.

Although the BOT Agreement provides that the BOT period is 25 years from the date the Property began operations, being 20 December 2014 (the “**Longer BOT Period**”), the Regional Regulation of Nusa Tenggara Timur Province No. 3 of 2008 (“**RR 3/2008**”) provides that the term of the BOT Agreement is 25 years from the date of the BOT Agreement, being 12 May 2011 (the “**Shorter BOT Period**”). Given the different interpretations of the duration of the BOT period, First REIT will pay the Kupang Purchase Consideration of S\$70.00 million⁴ based on the Shorter BOT Period. However, if PT BSS can, within 12 months from the date of the PT NBN Share Purchase Agreements, provide written confirmation of the enactment of new laws or regulations or amendment of existing laws or regulations which would cause the Longer BOT Period to be effective and there is no doubt on the interpretation of such laws or regulations, SHKP 1 will pay an additional sum of S\$5.00 million (the “**Additional Kupang Purchase Consideration**”).

PT NBN is 100.00% owned by the Vendors, being PT GDN and PT BSS, in the proportion 0.02% and 99.98% respectively. The Vendors are limited liability companies incorporated in Indonesia. First REIT, through its wholly-owned subsidiaries, SHKP 1 and SHKP 2 will be acquiring the Property by purchasing the entire issued share capital of PT NBN. Following completion of the Kupang Acquisition, SHKP 1 and SHKP 2 will own 75.00% and 25.00% of the issued share capital of PT NBN respectively.

Under the PT NBN Share Purchase Agreements, the Vendors will receive S\$55.00 million of the Kupang Purchase Consideration in cash, with the remaining S\$15.00 million of the Kupang Purchase Consideration to be satisfied by new Units in First REIT (“**Units**” and the new Units proposed to be issued to part finance the Kupang Acquisition, the “**Consideration Units**”). The final issue price of the Consideration Units will be determined

³ The Kupang Purchase Consideration is subject to adjustments for the net assets or net liabilities of PT NBN.

⁴ The Kupang Purchase Consideration is subject to adjustments for the net assets or net liabilities of PT NBN.

based on the higher of S\$1.30 and the 10-Day Volume Weighted Average Price⁵ immediately preceding the date of completion of the Kupang Acquisition, in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”). The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

First REIT will, upon acquiring the Property, hold the Property under a BOT scheme (the “**BOT Scheme**”)⁶.

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

2.3 Valuation and Kupang Purchase Consideration

Although only one independent valuation is required as the Kupang Acquisition is not an Interested Party Transaction⁷ or an Interested Person Transaction⁸, for good corporate governance and transparency, two independent property valuers, KJPP Willson & Rekan in association with Knight Frank (“**W&R**”) and KJPP Winarta & Rekan in association with Jones Lang LaSalle (“**Winarta**”), were appointed by the Trustee and the Manager respectively to value the Property.

The Kupang Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of the Property by W&R and Winarta. Each valuation of the Property was made on the assumption that the duration of the BOT Agreement would be based on the Shorter BOT Period⁹. The valuations were derived by W&R and Winarta using the income approach utilising the discounted cash flow method as the Property will be subject to master lease agreements with (i) PT MPU (as master lessee of the SHKP Land) and (ii) PT BSS (as master lessee of LPK). 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 Kupang Purchase Consideration:

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 The Property is under a BOT Scheme. A BOT Scheme is common in Indonesia for the following reasons:

- (a) freehold land in Indonesia may not be owned by companies (whether Indonesian or foreign-owned) or by foreign individuals. Under Indonesian land law, the closest form of land title to an internationally recognised concept of “freehold” title is *Hak Milik* or “Right of Ownership”. A *Hak Milik* title is available only to Indonesian individuals and certain Indonesian legal entities such as government banks and religious and social institutions appointed by the relevant Indonesian government authorities;
- (b) where ownership of the land is transferable, instead of transferring the ownership of the land, the land owner may prefer to use the BOT Scheme for commercial reasons. The land owner may not intend to transfer the ownership of the land because the land is located at commercially strategic locations or has historical value. Alternatively, the land owner may have limited financial capability to develop the land. Under such circumstances, the BOT grantor may prefer to enter into a BOT agreement with a BOT grantees who are property developers with strong financial support and proven track records; and
- (c) a BOT grantees may prefer to use the BOT Scheme because the costs for obtaining the build, operate and transfer rights could be considered as more price-feasible and cashflow-effective as compared to an outright purchase of the land.

7 “**Interested Party Transaction**” has the meaning ascribed to it in paragraph 5 of the Property Funds Appendix.

8 “**Interested Person Transaction**” has the meaning ascribed to it under Chapter 9 of the Listing Manual.

9 In addition to the valuation of the Property based on the Shorter BOT Period, each of W&R and Winarta had also valued the Property based on the Longer BOT Period. On the basis of the Longer BOT Period, W&R has valued the Property at S\$80.765 million as at 7 October 2015 and Winarta has valued the Property at S\$81.04 million as at 1 October 2015.

Property	Appraised Value			Purchase Consideration (S\$ million)
	By W&R as at 7 October 2015	By Winarta as at 1 October 2015		
	(S\$ million)	(S\$ million)		
Property	73.337	75.42		70.00 ⁽¹⁾

Note:

- (1) This reflects the amount which First REIT will pay for the Property. As First REIT will be acquiring the Property indirectly through the acquisition PT NBN, the actual price which First REIT will pay will be subject to the adjustment for the consolidated net assets or net liabilities of PT NBN as at the completion date of the Kupang Acquisition.

The Kupang Purchase Consideration is below the average of the two independent valuations obtained in relation to the Property and represents a discount of 5.89% to S\$74.38 million, which is the average of the two independent valuations of the Property.

2.4 Kupang Acquisition Cost

The total cost of the Kupang Acquisition, comprising the Kupang Purchase Consideration of S\$70.00 million¹⁰, the acquisition fee¹¹ of S\$700,000 (the “**Kupang Acquisition Fee**”) payable to the Manager pursuant to 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 expenses¹² of approximately S\$1.26 million to be incurred by First REIT in connection with the Kupang Acquisition, is estimated to be approximately S\$71.96 million (the “**Kupang Acquisition Cost**”).

However, in the event that the Longer BOT Period is effective and the Additional Kupang Purchase Consideration becomes payable, the additional total cost of the Kupang Acquisition, comprising the Additional Kupang Purchase Consideration of S\$5.00 million, the additional acquisition fee of S\$50,000 (the “**Additional Kupang Acquisition Fee**”)¹³ payable to the Manager pursuant to the Trust Deed which may be payable in the form of cash and/or Units as the Manager may elect, as well as the additional professional and other fees and expenses¹⁴ in connection with the Kupang Acquisition, is estimated to be approximately S\$5.14 million (the “**Additional Kupang Acquisition Cost**”).

2.5 Method of Financing

S\$55.00 million of the Kupang Purchase Consideration will be paid in cash and the remaining S\$15.00 million will be satisfied by way of Consideration Units. The cash portion of the Kupang Acquisition Cost is expected to be financed via a drawdown from First REIT’s committed debt facility and internal cash. 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.

¹⁰ The Kupang Purchase Consideration is subject to adjustment for the consolidated net assets or net liabilities of PT NBN as at the completion date of the Kupang Acquisition.

¹¹ Being 1.0% of the Kupang Purchase Consideration.

¹² For the avoidance of doubt, PT MPU will be responsible for the payment of all taxes payable in connection with the Kupang Acquisition (including sales tax).

¹³ Being 1.0% of the Additional Kupang Purchase Consideration.

¹⁴ For the avoidance of doubt, PT MPU will be responsible for the payment of all taxes payable in connection with the Kupang Acquisition (including sales tax).

However, in the event that the Longer BOT Period is effective and the Additional Kupang Purchase Consideration becomes payable, the Additional Kupang Purchase Consideration of S\$5.00 million will be paid in cash. The cash portion of the Additional Kupang Acquisition Cost is expected to be financed via a drawdown from First REIT's committed debt facility and internal cash.

2.6 Conditions Precedent and Subsequent to the Completion of the Kupang Acquisition

Completion of the Kupang Acquisition under the PT NBN Share Purchase Agreements is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 2.6.1** the execution and simultaneous completion of the PT NBN Share Purchase Agreements;
- 2.6.2** entry into the Deed of Indemnity (as defined below);
- 2.6.3** the Vendors obtaining corporate approvals from their respective shareholders and board of commissioners approving, among others, the sale of the Property and the transactions contemplated in the PT NBN Share Purchase Agreements;
- 2.6.4** the execution of the Kupang Master Lease Agreements by PT NBN and each of PT MPU and PT BSS;
- 2.6.5** the novation from PT NBN to PT BSS of, among others, tenancy agreements of LPK representing at least 50% of the total lease revenue of LPK¹⁵;
- 2.6.6** there being no adverse change to the financial condition of any one of PT MPU (as the master lessee of the SHKP Land) and PT BSS (as the master lessee of LPK) or their ability to make payment to PT NBN under the Kupang Master Lease Agreements;
- 2.6.7** there being no compulsory acquisition of the Property or any part of it, and no notice of such intended compulsory acquisition or resumption has been given, by the government or other competent authority;
- 2.6.8** SHKP 1 and SHKP 2 being reasonably satisfied with the results of its due diligence on PT MPU (as the master lessee of the SHKP Land) and PT BSS (as the master lessee of LPK) if the Manager and/or the Trustee considers such due diligence to be relevant; and
- 2.6.9** subject to the provisions of the PT NBN Share Purchase Agreements, the Property or any part thereof is not materially damaged.
- 2.6.10** SHKP 1 and SHKP 2 being reasonably satisfied with the results of its due diligence on the Property and PT NBN including but not limited to legal, financial, building and other forms of due diligence which the Manager and/or the Trustee may consider to be relevant;
- 2.6.11** the warranties remain true, accurate and not misleading and there being no breach of the warranties which, in the reasonable opinion of SHKP 1 and SHKP 2,

¹⁵ "Total lease revenue of LPK" means the total amount of rental fees and other amounts payable to PT NBN and/or PT BSS by all tenants at LPK under all tenancy agreements in relation to LPK commencing from the date of completion of the Kupang Acquisition until the expiry of the remaining lease terms of such tenancy agreements.

acting on the recommendation of the Manager, will or is likely to have a material adverse effect on the financial condition, prospects, earnings, business, undertaking or assets of the Property or PT NBN, in each case taken as a whole;

- 2.6.12 the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals (including the waiver(s) referred to in the PT NBN Share Purchase Agreements) necessary for or in respect of the proposed acquisition of PT NBN having been obtained from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to SHKP 1 and SHKP 2 and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect for a period of not less than six months;
- 2.6.13 no statute, law, regulation or decision which would prohibit, restrict or materially delay or adversely affect the sale and purchase of the entire share capital or the operation of PT NBN and/or the Property having been proposed, enacted or taken by any governmental or official authority;
- 2.6.14 the receipt by SHKP 1 and SHKP 2 of a statement letter from the PT BSS stating that on the date of the PT NBN Share Purchase Agreements, PT BSS has taken over all of the rights, obligations and liabilities of the tenancy agreements which have not been novated by PT NBN to PT BSS at the completion of the Kupang Acquisition (the "**Remaining Tenancy Agreements**") and has undertaken to be responsible for, and indemnify, PT NBN and SHKP 1 and SHKP 2 from all and any claims, losses and obligations that arise from the Remaining Tenancy Agreements;
- 2.6.15 no written notice having been issued by the Manager to SHKP 1 and SHKP 2 before the completion date that, in the Manager's reasonable opinion, the market conditions then prevailing are not conducive for (i) the raising of adequate funds and/or (ii) the raising of funds on reasonable terms or in a manner that will be beneficial to the overall interests of First REIT and the Unitholders, for the purpose of completing the purchase of the Property;
- 2.6.16 First REIT securing sufficient financing to undertake the purchase of PT NBN and the agreement for such financing not having been terminated and being unconditional in all respects;
- 2.6.17 approval having been obtained from the shareholders of PT NBN by way of a shareholders' resolution with respect to the conversion of status of PT NBN to a foreign capital investment company;
- 2.6.18 approval having been obtained from Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or "**BKPM**") with respect to the conversion of status of PT NBN to a foreign capital investment company;
- 2.6.19 the articles of association of PT NBN having been amended (on terms which are to the reasonable satisfaction of SHKP 1 and SHKP 2) to accommodate the conversion of PT NBN's status to a foreign capital investment company and in relation to the acquisition of the entire share capital of PT NBN pursuant to the PT NBN Share Purchase Agreements;

- 2.6.20** the receipt by PT NBN of the following licences and permits for the Property:
- (i) the Function Feasibility Certificate/*Sertifikat Laik Fungsi* (SLF);
 - (ii) the Elevator Utilization Permits (*Izin Pemakaian Lift*) (Permit No. TKT.566/276/PHI-WAS/2014 dated 18 December 2014, Permit No. TKT.566/277/PHI-WAS/2014 dated 18 December 2014 and Permit No. TKT.566/278/PHI-WAS/2014 dated 18 December 2014);
 - (iii) the Ratification of Utilization of Diesel Motor (*Pengesahan Pemakaian Motor Diesel*) (Ratification No. TKT.566/262/PHI-WAS/2014 dated 18 December 2014, Ratification No. TKT.566/263/PHI-WAS/2014 dated 18 December 2014 and Ratification No. Nakertrans.671/59/700/2015 dated 15 June 2015);
 - (iv) the Ratification of Utilization of Compress Air Tank (*Pengesahan Penggunaan Bejana Tekan*) (Ratification No. TKT.566/258/PHI-WAS/2014 dated 8 December 2014 and Ratification No. TKT.566/257/PHI-WAS/2014 dated 8 December 2014);
 - (v) the Ratification of Utilization of Lightning Distribution Installation (*Pengesahan Penggunaan Instalasi Penyalur Petir*) (Ratification No. Nakertrans.671/91.b/2015 and Ratification No. Nakertrans.671/91.a/2015);
 - (vi) the Fire Protection System Feasibility Certificate (*Sertifikat Laik Fungsi Sistem Proteksi Kebakaran*) No. Damkar.870/116/V/2015 dated 12 May 2015; and
 - (vii) the Hospital Establishment License (*Izin Mendirikan Rumah Sakit*);
- 2.6.21** the receipt by SHKP 1 and SHKP 2 of a statement letter from the Vendors stating that PT NBN has been irrevocably and unconditional released and discharged from any liabilities under or pursuant to the Deed of Investment Credit Agreement No. 42 between PT Bank KEB Hana Indonesia and PT NBN made before Wenda Taurusita, S.H, Notary in Jakarta dated 27 October 2015 (the “**Bank Loan**”), (b) all amount outstanding under the Bank Loan has been fully paid by PT NBN (c) all encumbrances over all assets and/or properties owned, used, leased and/or operated by PT NBN (including the Property) and over all shares of PT NBN has been irrevocably and unconditional released and discharged;
- 2.6.22** the execution by PT NBN of a statement letter (a) on the date of the PT NBN Share Purchase Agreements and (b) on the date of completion of the Kupang Acquisition confirming that as at the date of the statement letter, PT NBN has (i) no employees, (ii) no liabilities, outstanding payments or financial obligations and indebtedness save for those recorded in the management accounts of PT NBN as of 31 August 2015, with an independent auditor agreeable to the Trustee having performed agreed-upon procedures to verify the accuracy of such management accounts, (iii) no outstanding obligations or liabilities as regards to employee-related matters (including but not limited to outstanding payment of salaries, wages, severance and/or other employee benefits) and no outstanding tax obligations or liabilities as regards to employee-related matters, (iv) no assets

and/or property other than in connection with the operation of the Property (including but not limited to the equipment used or leased pursuant to the Kupang Master Lease Agreements) and (v) no claim and/or suit submitted to PT NBN from any party including creditors of PT NBN with respect to the proposed acquisition of the entire share capital of PT NBN by the SHKP 1 and SHKP 2 from the Vendors;

- 2.6.23 the execution by PT NBN and the Vendors of a statement letter (a) on the date of the PT NBN Share Purchase Agreements and (b) on the date of completion of the Kupang Acquisition confirming that as at the date of the statement letter, no assets or properties of PT NBN, nor the entire share capital shares of PT NBN, are being encumbered to secure the loans granted to PT NBN pursuant to the Bank Loan, nor do they have any other encumbrances on them;
- 2.6.24 the obtainment of prior written approval from PT Bank Hana with respect to the proposed acquisition of the entire share capital of PT NBN by the SHKP 1 and SHKP 2 from the Vendors;
- 2.6.25 PT NBN having announced the acquisition of the entire share capital of PT NBN by the SHKP 1 and SHKP 2 from the Vendors (i) in a newspaper nationally circulated newspaper (in the approved terms) and (ii) to the employees of PT NBN, which should be made at least thirty (30) calendar days prior to the calling of the general meeting of shareholders as required under the Indonesian company law has been done;
- 2.6.26 PT NBN having confirmed in writing that no creditor objections were received by it following the publishing of the newspaper announcement referred to in the PT NBN Share Purchase Agreements;
- 2.6.27 in relation to any employees of PT NBN who choose to exercise their rights which results from the change of ownership of PT NBN in accordance with Article 163.1 of Law No. 13 of 2003 on Labour ("**Indonesian Labour Law**"):
 - (i) the settlement of all compensation due and payable to such employees by PT NBN; and
 - (ii) the execution of a written statement jointly signed by each of the employees who choose to resign from or terminate his or her employment relationship with PT NBN (or any other documents which are deemed necessary by the SHKP 1 and SHKP 2 to ensure the full waiver of any claims against PT NBN by each of the employees that chooses to resign from or terminate their employment relationship with PT NBN);
- 2.6.28 in relation to any employees of PT NBN who choose not to exercise their rights which result from the change of ownership of PT NBN in accordance with Article 163.1 of the Indonesian Labour Law, an election form (or a similar document having a similar effect as the SHKP 1 and SHKP 2 may specify) having been signed by each such employee which stipulates that the relevant employee wishes to not exercise his/her rights which arises from the change of ownership of PT NBN due to the sale and transfer of the entire share capital of PT NBN pursuant to the PT NBN Share Purchase Agreements and that the relevant employee waives any rights in the future to demand termination of their employment relationship

with PT NBN due to the sale and transfer of the entire share capital of PT NBN pursuant to PT NBN Share Purchase Agreements;

- 2.6.29 the execution of a novation agreement to the Lease Agreement of Hospital Building Jl. Veteran RT.017 RW.005 Fatululi Oebobo, Kupang, dated 20 December 2014 entered into between PT NBN and PT Krisolis Jaya Mandiri, (the “**Existing SHKP Lease Agreement**” and the novation agreement, the “**Existing SHKP Lease Novation Agreement**”) between PT NBN, PT Krisolis Jaya Mandiri and PT MPU, in a form acceptable to SHKP 1 and SHKP 2, to set out the agreement that (i) the Existing SHKP Lease Agreement will be novated with effect from the date of completion of the Kupang Acquisition and (ii) any and all liabilities and obligations of PT NBN under the Existing SHKP Lease Agreement which remains outstanding when the Existing SHKP Lease Agreement is novated would be assumed by PT MPU; and
- 2.6.30 the execution of a novation agreement (the “**LPK Property Management Novation Agreement**”) to the Property Management Agreement Relating to Lippo Plaza Kupang dated 1 April 2015 (the “**LPK Property Management Agreement**”) between PT NBN, PT Lippo Malls Indonesia and PT BSS, in a form acceptable to SHKP 1 and SHKP 2, to set out the agreement that (i) the LPK Property Management Agreement will be novated with effect from the date of completion of the Kupang Acquisition and (ii) any and all liabilities and obligations of PT NBN under the LPK Property Management Agreement which remains outstanding when the LPK Property Management Agreement is novated would be assumed by PT BSS.

In the event that not all but at least 50% of the total lease revenue of LPK of the leases in relation to LPK are novated from PT NBN to PT BSS (in its capacity as the new master lessee of LPK) with effect from the date of completion of the Kupang Acquisition, PT BSS must procure that PT NBN shall novate the remaining tenancy agreements to PT BSS within three months commencing from the date of completion of the Kupang Acquisition and within such three months period, all rental fees and service charges in relation to the remaining tenancy agreements shall be paid by the relevant tenant to PT BSS’ account.

Subsequent to the completion of the Kupang Acquisition under the PT NBN Share Purchase Agreements, the Vendors shall procure the fulfilment of, among others, the valid issuance of the Right to Build (*Hak Guna Bangunan* or “**HGB**”) land title over the Right to Manage (*Hak Pengelolaan* or “**HPL**”) in respect of the Property under the name of PT NBN within 12 months from the completion of the Kupang Acquisition.

2.7 **Indemnity in relation to the PT NBN Share Purchase Agreements**

The Trustee has also entered into a deed of indemnity with PT MPU pursuant to which PT MPU will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the PT NBN Share Purchase Agreements (the “**Deed of Indemnity**”).

2.8 **The Kupang Master Lease Agreements**

On or about the date of completion of the Kupang Acquisition, PT NBN will enter into:

- (i) the SHKP Master Lease Agreement with PT MPU (as master lessee of the SHKP Land); and

- (ii) the LPK Master Lease Agreement with PT BSS (as master lessee of LPK).

The Kupang Master Leases will be granted to PT MPU (as the master lessee of the SHKP Land) and PT BSS (as master lessee of LPK) for a lease term of 15 years, commencing from the date of completion of the Kupang Acquisition with an option to renew for a further term of 15 years. Some key terms of the SHKP Master Lease Agreement and the LPK Master Lease Agreement are as follows.

2.8.1 SHKP Master Lease Agreement

- (i) **SHKP Base Rent**

The SHKP Master Lease will be granted at an initial base rent of S\$3.84 million¹⁶ per annum (the “**SHKP Base Rent**”). The SHKP Base Rent will be payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the SHKP Master Lease, at a rate equal to twice the percentage increase of the Consumer Price Index of Singapore (the “**Singapore CPI**”) for the preceding year subject to a floor of 0.0% and a cap of 2.0%. Rental escalation in relation to SHKP will be pegged to the Singapore CPI, as is the case with the Existing Portfolio (as defined below). The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.9% over the 15-year period between 1998 and 2013) provide assurance that the rental adjustments will be relatively stable compared with the Consumer Price Index of Indonesia (the “**Indonesia CPI**”). This is in line with First REIT’s intent to offer stable distributions to investors.

In the event that there is a change of the Singapore Dollar to Indonesian Rupiah exchange rate, the SHKP Base Rent shall be adjusted accordingly based on the following formula:

Base Rent / Rp. 9,800 x BI Market Rate,

Where “**BI Market Rate**” means the Bank Indonesia’s Rupiah exchange rate based on Bank Indonesia’s buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 (fourteen) days prior to the date of the invoice issued by PT NBN pursuant to the SHKP Master Lease Agreement. As a result of this formula stipulated in the SHKP Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

The Manager is also of the view that the cap of 2.0% is reasonable as it is consistent with the Existing Portfolio. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual SHKP Base Rent.

- (ii) **SHKP Variable Rent**

¹⁶ Based on the illustrative rupiah exchange rate of S\$1.00 to Rp. 9,800 (the “**Illustrative Rupiah Exchange Rate**”), being the agreed rupiah exchange rate set out in the Kupang Master Lease Agreements. Unless otherwise stated, all conversions of Rp. amounts into S\$ in this announcement shall be based on the Illustrative Rupiah Exchange Rate and all amounts in Rp. and S\$ in this announcement shall, where such amount exceeds one million, be rounded to one decimal number.

The SHKP variable rent (the “**SHKP Variable Rent**”) will be payable quarterly in advance and no variable rent will be payable in the first, second and third year of the SHKP 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. The SHKP Variable Rent for the fourth year and for subsequent years of the SHKP Master Lease will be based on the SHKP Gross Operating Revenue¹⁷ growth and will be calculated as described in sub-paragraph 2.8.1(iii). The Manager also wishes to note that the SHKP Base Rent will form the main bulk of the SHKP Total Rent¹⁸ which adequately achieves First REIT’s required rate of return. The SHKP Variable Rent will constitute only a small proportion of the SHKP Total Rent.

In the event that there is a change of the Singapore Dollar to Indonesian Rupiah exchange rate, the SHKP Variable Rent shall be adjusted accordingly based on the following formula:

Variable Rent / Rp. 9,800 x BI Market Rate,

Where “**BI Market Rate**” means the Bank Indonesia’s Rupiah exchange rate based on Bank Indonesia’s buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 (fourteen) days prior to the date of the invoice issued by PT NBN pursuant to the SHKP Master Lease Agreement. As a result of this formula stipulated in the SHKP Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

(iii) **Computation of the SHKP Variable Rent for the Fourth Year of the SHKP Master Lease**

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

- where the SHKP Gross Operating Revenue for the preceding financial year exceeds the SHKP Gross Operating Revenue for the further preceding financial year by an amount that is 5.00% or more but less than 15.00%, the variable rent payable by the master lessee of the SHKP Land shall be equivalent to 0.75% of such excess amount;
- where the SHKP Gross Operating Revenue for the preceding financial year exceeds the SHKP Gross Operating Revenue for the further

17 “**SHKP 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.

18 “**SHKP Total Rent**” refers to the sum of the SHKP Base Rent and the SHKP Variable Rent.

preceding financial year by an amount that is 15.00% or more but less than 30.00%, the variable rent payable by the master lessee of the SHKP Land shall be equivalent to 1.25% of such excess amount; and

- where the SHKP Gross Operating Revenue for the preceding financial year exceeds the SHKP Gross Operating Revenue for the further preceding financial year by an amount of 30.00% or more, the variable rent payable by the master lessee of the SHKP Land shall be equivalent to 2.00% of such excess amount.

For the avoidance of doubt, when the SHKP Gross Operating Revenue of the preceding financial year of the master lessee of the SHKP Land does not exceed the SHKP Gross Operating Revenue of the further preceding financial year by 5.00% or more, no SHKP Variable Rent will be payable.

2.8.2 LPK Master Lease Agreement

(i) LPK Base Rent

The LPK Master Lease will be granted at an initial base rent of S\$3.1 million per annum (the “**LPK Base Rent**”). The LPK Base Rent will be payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the LPK Master Lease, at a rate equal to twice the percentage increase of the Singapore CPI for the preceding year subject to a floor of 0.0% and a cap of 2.0%. Rental escalation in relation to LPK will be pegged to the Singapore CPI, as is the case with the Existing Portfolio. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.9% over the 15-year period between 1998 and 2013) provide assurance that the rental adjustments will be relatively stable compared with the Indonesia CPI. This is in line with First REIT’s intent to offer stable distributions to investors.

In the event that there is a change of the Singapore Dollar to Indonesian Rupiah exchange rate, the LPK Base Rent shall be adjusted accordingly based on the following formula:

Base Rent / Rp. 9,800 x BI Market Rate,

Where “**BI Market Rate**” means the Bank Indonesia’s Rupiah exchange rate based on Bank Indonesia’s buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 (fourteen) days prior to the date of the invoice issued by PT NBN pursuant to the LPK Master Lease Agreement. As a result of this formula stipulated in the LPK Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

The Manager is also of the view that the cap of 2.0% is reasonable as it is consistent with the Existing Portfolio. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual LPK Base Rent.

2.8.3 Fixed Exchange Rate

The SHKP Total Rent and the LPK Base Rent shall be paid in Indonesian Rupiah. In respect of the SHKP Variable Rent, if the gross operating revenue on which the calculation of the SHKP Variable Rent is based is calculated in Indonesian Rupiah, the SHKP Total Rent will be paid according to the exchange rate of S\$1.00 to Rp. 9,800 (which shall be fixed for the entire lease term).

2.8.4 Assignment/Subletting

(i) SHKP Master Lease

PT MPU shall not assign the SHKP Master Lease without the prior written consent of PT NBN. The assignee must be of good repute and sound financial standing and PT MPU, the assignee and PT NBN shall contemporaneously with the assignment of the SHKP Master Lease to the assignee (as new tenant) execute in escrow a deed of novation in respect of the SHKP Master Lease for the replacement of the assignee by PT MPU upon the occurrence of any event of default committed by the assignee under the SHKP Master Lease.

PT MPU shall not sub-let SHKP without the prior written consent of PT NBN (such consent not to be unreasonably withheld) and subject to such terms and conditions which PT NBN may impose, provided always that PT MPU shall not be required to seek the consent of PT NBN, but only notify PT NBN in writing, in the event of any sub-lease of SHKP by PT NBN to PT Siloam International Hospitals, a limited liability company incorporated in Indonesia (“**PT SIH**”) or a subsidiary of PT SIH.

(ii) LPK Master Lease

PT BSS shall not assign the LPK Master Lease without the prior written consent of PT NBN. The assignee must be of good repute and sound financial standing and PT BSS, the assignee and PT NBN shall contemporaneously with the assignment of the LPK Master Lease to the assignee (as new tenant) execute in escrow a deed of novation in respect of the LPK Master Lease for the replacement of the assignee by PT BSS upon the occurrence of any event of default committed by the assignee under the LPK Master Lease.

PT BSS shall not sub-let LPK without the prior written consent of PT NBN, provided that:

- (a) the use of any sub-let or sub-licensed areas shall be in accordance with or ancillary to the permitted use of LPK;
- (b) the term of any subletting shall not be for a period extending beyond the LPK Master Lease; and
- (c) prior to entering in to the sublease, PT BSS shall, or procure the property manager of LPK to conduct due diligence on the sub-lessee that is satisfactory to PT NBN.

2.8.5 Maintenance and other Operating Expenses of the Property

(i) SHKP

PT MPU (as the master lessee of the SHKP Land) will be responsible for:

- (a) all outgoings including, but not limited to, expenses relating to the internal and external property repairs and maintenance, landscaping, utility costs, property related taxes;
- (b) all outgoings, including, but not limited to, expenses relating to the BOT Agreement; and
- (c) all capital expenses (including PT NBN's capital expenditure ("Capex")) relating to SHKP for the first two years of the SHKP Master Lease.

(ii) LPK

PT BSS (as the master lessee of the LPK) will be responsible for:

- (a) all outgoings including, but not limited to, expenses relating to the internal and external property repairs and maintenance, landscaping, utility costs, property related taxes; and
- (b) all capital expenses (including PT NBN's Capex) relating to LPK for the first two years of the LPK Master Lease.

Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operation expenses in relation to the Property.

2.8.6 Insurance of the Property

(i) SHKP

At all times during the term of the SHKP Master Lease and during any period of holding over, PT MPU (as the master lessee of the SHKP Land) shall at its cost and expense, take out and keep in force the following insurance policies:

- (a) an insurance policy over all of the PT MPU's property including any and all goods and stock-in-trade in the SHKP Land to their full insurable value against all risks commonly insured against in respect of such property;
- (b) an insurance policy against loss of rental income, terrorism, sabotage, business interruption and all risks and damage (including earthquake) in the joint names of PT NBN and PT MPU to its full market insurable amount as assessed by PT NBN, damage to the building at the SHKP Land and all parts thereof which PT MPU is obliged to keep in repair under the SHKP Master Lease. PT NBN shall pay for any increase in premium payable due to increase in sum insured for all risks and damage (including earthquake), if any;
- (c) a comprehensive public liability insurance policy in the joint names of PT NBN 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 the SHKP Land; and

- (d) an insurance policy covering all of PT MPU's risks with such insurance coverage as appropriate and typical for the size and type of business carried out by PT MPU at the SHKP Land.

(ii) **LPK**

At all times during the term of the LPK Master Lease and during any period of holding over, PT BSS (as the master lessee of LPK) shall at its cost and expense, take out and keep in force the following insurance policies:

- (a) an insurance policy over all of the PT BSS' property including any and all goods and stock-in-trade in LPK to their full insurable value against all risks commonly insured against in respect of such property;
- (b) an insurance policy against loss of rental income, terrorism, sabotage, business interruption and all risks and damage (including earthquake) in the joint names of PT NBN and PT BSS to its full market insurable amount as assessed by PT NBN, damage to the building at LPK and all parts thereof which PT BSS is obliged to keep in repair under the LPK Master Lease;
- (c) a comprehensive public liability insurance policy in the joint names of PT NBN and PT BSS against claims for personal injury, death or property damage or loss, arising out of all operations of PT BSS and its permitted occupiers in LPK; and
- (d) an insurance policy covering all of PT BSS risks with such insurance coverage as appropriate and typical for the size and type of business carried out by PT BSS at LPK.

The Manager believes that the insurance policies to be taken out by the Vendors for the Property are consistent with industry practice in Indonesia.

3. THE PROPOSED ISSUANCE OF CONSIDERATION UNITS

As described in paragraph 2.5 above, the Manager will make a partial payment of the Kupang Purchase Consideration by issuing Consideration Units of the value of S\$15.00 million. Based on an illustrative issue price of S\$1.30 per Consideration Unit, the total number of the Consideration Units will be equivalent to 11,538,461 Units representing 1.5% of the total number of Units in issue as at the date of this announcement¹⁹. The final issue price of the Consideration Units will be determined based on the higher of S\$1.30 and the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the Kupang Acquisition, in accordance with the provisions of the Trust Deed.

19 For the avoidance of doubt, the Additional Kupang Purchase Consideration, if applicable, will be paid in cash.

4. RATIONALE FOR THE KUPANG ACQUISITION AND THE ISSUANCE OF THE CONSIDERATION UNITS

The Manager believes that the Kupang Acquisition will bring, among others, the following key benefits to unitholders of First REIT (“**Unitholders**”):

4.1 Strategic acquisition of a hospital and a mall which is part of an integrated development in the heart of East Nusa Tenggara and is within First REIT’s investment strategy of investing in income-producing healthcare and healthcare related assets

First REIT’s investment policy is to invest in a diversified portfolio of income producing real estate and/ or real estate-related assets in Asia that are primarily²⁰ used for healthcare and/or healthcare-related purposes²¹.

The Property (in which over 50% of its revenue is generated by SHKP and healthcare related tenancies of LPK) falls within First REIT’s investment mandate to invest in healthcare and healthcare related assets. In addition, SHKP is located in the city centre of East Nusa Tenggara. SHKP will be connected with LPK via a linkway which is currently under construction and is expected to be completed by June 2016.

4.2 Opportunity to purchase an attractive and high quality property in East Nusa Tenggara at a price below valuation

The Kupang Acquisition represents an opportunity for First REIT to acquire a hospital which is attractive, high quality and of international standards in a prime location in Indonesia.

SHKP is well-positioned for the middle to upper middle-income segment of the healthcare market.

Additionally, the Property will be acquired at a price below the average of its independent valuations. The Property will be acquired at a discount of 5.89% to the average of the independent valuations by W&R and Winarta.

4.3 Increased income stability of First REIT through the Kupang Master Lease Agreements and increase in First REIT’s weighted average lease to expiry

The Kupang Master Leases will be beneficial to First REIT as the Property is expected to provide stability to First REIT’s Gross Rental Income²² 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 SHKP Master Lease

20 The Manager considers that the term “**primarily**” when used in relation to the phrase “**primarily used for healthcare and/or healthcare-related purposes**” in First REIT’s investment mandate means more than 50.0% of the rental income or revenue.

21 Including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

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

Agreement and the base rental component under the LPK 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 Property, security deposits equivalent to six months of (i) SHKP's annual rental payable (amounting to S\$3.84 million) and (ii) LPK's annual rental payable (amounting to S\$3.10 million) will be given to First REIT in the form of bankers' guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

The Kupang Acquisition is 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")²³ are between 10 to 15 years. After the completion of the Kupang Acquisition, First REIT will benefit from the increase in the Enlarged Portfolio's²⁴ weighted average lease to expiry based on secured Gross Rental Income with the Property contributing 7.4% of First REIT's total Gross Rental Income under the Kupang Master Lease Agreements. The weighted average lease to expiry of the Enlarged Portfolio will increase from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2014 to approximately 11.5 years after the completion of the Kupang Acquisition.

4.4 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\$1.17 billion (as at 31 December 2014) to S\$1.25 billion after the completion of the Kupang Acquisition. The value of First REIT's Deposited Property²⁵ is expected to increase by 6.6% from S\$1.21 billion as at 31 December 2014 to S\$1.29 billion after the completion of the Kupang Acquisition and there will also be a 22.0% increase in the total GFA from 251,339 sq m before the Kupang Acquisition to 306,707 sq m after the completion of the Kupang Acquisition. The maximum number of hospital beds for the Indonesia properties will increase by 14.07% from 2,878 to 3,283.

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 Kupang Acquisition is 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 Property will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

23 "Existing Portfolio" portfolio of properties currently held by First REIT, consisting of: its properties in Indonesia; Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club, its properties in Singapore, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence; and its property in the Republic of South Korea, Sarang Hospital.

24 "Enlarged Portfolio" consists of the Property and the Existing Portfolio.

25 "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.

4.5 The Kupang Acquisition would enable First REIT to grow through the acquisition of a hospital which enhances the diversification of First REIT's portfolio across locations and medical specialisations

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

SHKP is the most modern and well-equipped facility in the whole East Nusa Tenggara province. It is fitted with advanced diagnostic technologies including 128-slice dual source CT Scanner, X-ray systems, 4-Dimension USG, Mammography, Dental Panoramic system, MRI, Haemodialysis Facility, and a fully equipped medical check-up facility. It is a Centre of Excellence for Emergency & Trauma, Mother and Child, and the various specialties offered include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.

SHKP is located in Kupang, the capital of East Nusa Tenggara which is the biggest city and port on the island of Timor. SHKP is located near the El Tari Airport, and is highly accessible via public and private transportation.

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

4.6 Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio given that SHKP is newly built

As at 31 December 2014, the weighted average age of properties of the Enlarged Portfolio will decrease from approximately 10.1 years from that of the Existing Portfolio to approximately 8.3 years after the completion of the Kupang Acquisition.

5. MAJOR TRANSACTIONS

5.1 Major Transactions – Chapter 10 of the Listing Manual

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 Kupang 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 (not applicable to the Kupang Acquisition).

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.

None of the relative figures in relation to the Kupang Acquisition computed on the bases set out above exceed 20.0%. Furthermore, the Kupang 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 Kupang Acquisition using the applicable bases of comparison described in sub-paragraphs 5.1.1(ii) and 5.1.1(iii) are set out in the table below.

Comparison of:	The Property	First REIT	Relative Figure
Net Property Income ⁽¹⁾	The Property: S\$6.89 million ⁽²⁾	S\$91.87 million ⁽³⁾	7.50%
Purchase Consideration against First REIT’s market capitalisation	The Property: S\$70.00 million ⁽⁴⁾	First REIT’s market capitalisation: S\$876.71 million ^{(5),(6)}	7.98%

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\$6.89 million under the master leases of the Property, less property expenses.
- (3) Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year of 2014 (the “**FY2014 Audited Consolidated Financial Statements**”).
- (4) Does not include transaction costs.
- (5) Based on the closing price of S\$1.17 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.

6. PRO FORMA FINANCIAL EFFECTS OF THE KUPANG ACQUISITION

6.1 Pro Forma Financial Effects of the Kupang Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY:

The Pro Forma Financial Effects are for illustrative purposes and does not represent First REIT’s Financial Effects following completion of the Kupang Acquisition.

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

- (i) the FY2014 Audited Consolidated Financial Statements;
- (ii) the unaudited financial statements of First REIT and its subsidiaries for the nine months ended 30 September 2015 (“**9M2015**” and the unaudited financial statements of First REIT and its subsidiaries for 9M2015, “**9M2015 Unaudited Financial Statements**”), and

assuming:

- (a) the Kupang Acquisition Cost, comprising the Kupang Purchase Consideration, the Kupang Acquisition Fee, as well as the professional and other fees and expenses²⁶, is S\$71.96 million;
- (b) First REIT will, upon completion of the Kupang Acquisition, revalue the Property to the fair value of S\$75.42 million, based on the valuation of the Property by Winarta, who is appointed by the Manager;
- (c) S\$15.00 million of the purchase consideration will be paid to PT BSS or an entity to be nominated by PT BSS via the issuance of Units at the price of S\$1.30;
- (d) the balance purchase consideration will be paid to the Vendors prior to completion of the Kupang Acquisition via the debt facility and internal cash; and
- (e) the pro forma financial effects are calculated based on the Shorter BOT Period.

6.2 Financial Year ended 31 December 2014

Pro Forma DPU

The pro forma financial effects of the Kupang Acquisition on the distribution per Unit (“DPU”) for First REIT’s financial year ended 31 December 2014 (“FY2014”), as if First REIT had purchased the Property on 1 January 2014, and held and operated the Property through to 31 December 2014, are as follows:

	FY2014	
	Before the Kupang Acquisition ⁽¹⁾	After the Kupang Acquisition
Distributable Income (S\$'000) ⁽²⁾	58,221	61,493 ⁽³⁾
Units in issue and to be issued	731,702,488	743,240,949
DPU (cents) ⁽²⁾	8.05	8.27 ⁽⁴⁾

Notes:

- (1) Based on the FY2014 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 17,618,611 Units issued from 1 January 2015 to the date preceding the date of this announcement.
- (3) Assuming the Longer BOT Period is effective, the distributable income for FY2014 is S\$61,397,000.
- (4) Assuming the Longer BOT Period is effective, the DPU for FY2014 is 8.26 cents.

26 For the avoidance of doubt, PT MPU will be responsible for the payment of all taxes payable in connection with the Kupang Acquisition (including sales tax).

Pro Forma NAV per Unit

The pro forma financial effects of the Kupang Acquisition on the net asset value (“NAV”) per Unit as at 31 December 2014, as if First REIT had purchased the Property on 31 December 2014, are as follows:

	As at 31 December 2014	
	Before the Kupang Acquisition⁽¹⁾	After the Kupang Acquisition
NAV (S\$'000)	744,950	766,817
Units in issue and to be issued	731,702,488	743,240,949
NAV per Unit (S\$)	1.02	1.03 ⁽²⁾

Note:

(1) Based on the FY2014 Audited Consolidated Financial Statements.

(2) Assuming the Longer BOT Period is effective, the NAV per Unit for FY2014 is S\$1.03.

Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2014, as if First REIT had purchased the Property on 31 December 2014.

	As at 31 December 2014	
	Actual	As adjusted for the Kupang Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	26,485	26,485
Secured		
Total short-term debt	26,485	26,485
Long-term debt:		
Unsecured	99,137	99,137
Secured	270,953	315,953
Total long-term debt	370,090	415,090
Total Debt	396,575	441,575
Unitholders funds	744,950	766,817
Total Capitalisation	1,141,525	1,208,392

6.3 Nine Months ended 30 September 2015

Pro Forma DPU

The pro forma financial effects the Kupang Acquisition on the DPU for the nine months ended 30 September 2015, as if First REIT had purchased the Property on 1 January 2015, and held and operated the Property through to 30 September 2015, are as follows:

	As at 30 September 2015	
	Before the Kupang Acquisition ⁽¹⁾	After the Kupang Acquisition
Distributable Income (S\$'000) ⁽²⁾	46,256	48,727 ⁽³⁾
Units in issue and to be issued	748,050,271	759,588,732
DPU (cents) ⁽²⁾	6.21	6.41 ⁽⁴⁾

Notes:

- (1) Based on the 9M2015 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 17,618,611 Units issued from 1 January 2015 to the date preceding the date of this announcement.
- (3) Assuming the Longer BOT Period is effective, the distributable income for 9M2015 is S\$48,654,000.
- (4) Assuming the Longer BOT Period is effective, the DPU for 9M2015 is 6.39 cents.

Pro Forma NAV per Unit

The pro forma financial effects of the Kupang Acquisition on the NAV per Unit as at 30 September 2015, as if First REIT had purchased the Property on 30 September 2015, are as follows:

	As at 30 September 2015	
	Before the Kupang Acquisition ⁽¹⁾	After the Kupang Acquisition
NAV (S\$'000)	763,124	784,359
Units in issue and to be issued	748,050,271	759,588,732
NAV per Unit (S\$)	1.02	1.03 ⁽²⁾

Note:

- (1) Based on the 9M2015 Unaudited Consolidated Financial Statements.
- (2) Assuming the Longer BOT Period is effective, the NAV per Unit for 9M2015 is S\$1.03.

Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2015, as if First REIT had purchased the Property on 30 September 2015.

	As at 30 September 2015	
	Actual	As adjusted for the Kupang Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
Long-term debt:		
Unsecured	99,321	99,321
Secured	298,762	343,762
Total long-term debt	398,083	443,083
Total Debt	398,083	443,083
Unitholders funds	763,124	784,359
Total Capitalisation	1,161,207	1,227,442

7. OTHER INFORMATION

7.1 Interests of Directors and Substantial Unitholders²⁷

7.1.1 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	1,101,260	0.1470	-	-	1,101,260	0.1470
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Wong Gang	-	-	-	-	-	-
Mr Ketut Budi Wijaya	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo @ Tan Kay Poo ⁽²⁾	73,606	0.0098	10,947,281	1.4610	11,020,887	1.4708

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

Notes:

- (1) Percentage interest is based on 749,321,099 Units in issue as at the date of this announcement.
- (2) Dr Ronnie Tan Keh Poo deemed to be interested in (i) 2,113,903 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 5,626,231 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd., (iii) 2,840,541 Units held by his nominee, UOB Kay Hian Private Limited and (iv) 205,987 Units held by DBS Nominees Pte. Ltd., as the nominee of Dr Tan's spouse Mdm Law Deborah, and (v) 160,619 Units held by 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 Kupang Acquisition.

7.1.2 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	167,186,760	22.31	-	-	167,186,760	22.31
PT Menara Tirta Indah	44,056,264	5.88	-	-	44,056,264	5.88
The Manager	40,585,833	5.42			40,585,833	5.42
PT Primakreasi Propertindo ⁽²⁾	-	-	44,056,264	5.88	44,056,264	5.88
PT Sentra Dwimandiri ⁽³⁾	-	-	167,186,760	22.31	167,186,760	22.31
The Sponsor ⁽⁴⁾	-	-	251,828,857	33.61	251,828,857	33.61

Notes:

- (1) Percentage interest is based on 749,321,099 Units in issue as at the date of this announcement
- (2) PT Primakreasi Propertindo is deemed to be interested in the Units held by its wholly-owned subsidiary, PT Menara Tirta Indah (please see table above).
- (3) PT Sentra Dwimandiri is deemed to be interested in the Units held by its subsidiary, Bridgewater International Ltd (please see table above).
- (4) The Sponsor is deemed to be interested in (i) the Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd (please see table above); (ii) the Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah (please see table above); and (iii) the Units held by the Manager (please see table above).

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 33.61% in First REIT and is deemed to be a Controlling Unitholder of First REIT.

7.2 Directors' Service Contracts

No person is proposed to be appointed as a Director in relation to the Kupang Acquisition or any other transactions contemplated in relation to the Kupang 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 thereafter²⁸:

- (i) the PT NBN Share Purchase Agreements (which contains the forms of the Kupang Master Lease Agreements);
- (ii) the full valuation report on the Property issued by W&R;
- (iii) the full valuation report on the Property issued by Winarta;
- (iv) the Deed of Indemnity;
- (v) the FY2014 Audited Consolidated Financial Statements; and
- (vi) the 9M2015 Unaudited 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.

By Order of the Board

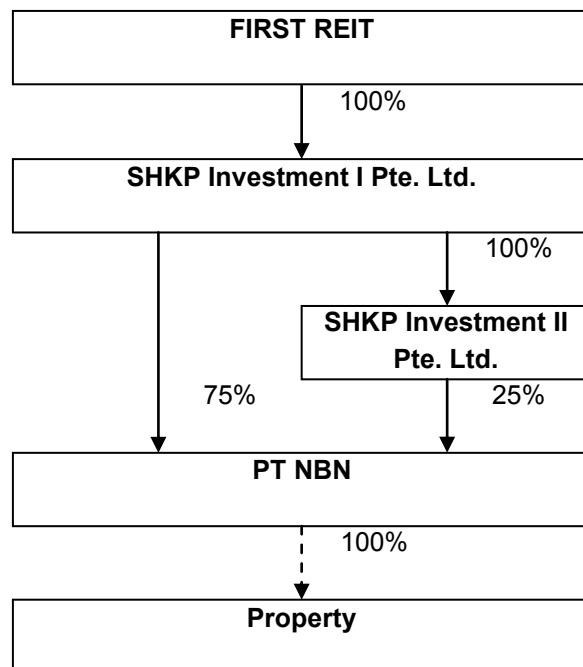
Dr Ronnie Tan Keh Poo
Chief Executive Officer
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
(Company registration no. 200607070D)

19 November 2015

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

APPENDIX A

Chart illustrating the structure under which the Property is proposed to be held by
First REIT upon completion of the Kupang 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.