

Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained, in this circular to holders of units in First Real Estate Investment Trust (“First REIT”, and the units in First REIT, “Units”, and the holders of Units, “Unitholders”) dated 28 December 2020 (this “Circular”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for new Units to be issued for the purpose of the Rights Issue (as defined herein) (the “Rights Units”) on the Main Board of the SGX-ST. The SGX-ST’s in-principle approval is not an indication of the merits of the Rights Issue, the Rights Units, First REIT and/or its subsidiaries.

If you have sold or transferred all your Units, you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form) may be accessed at First REIT’s website at the URL https://www.first-reit.com/ir_egm.html and is also available on the website of the SGX-ST at the URL www.sgx.com/securities/company-announcements.

This Circular shall not constitute an offer to sell or a solicitation of an offer to buy Units or other securities, including the Rights Units and/or the “nil-paid” provisional allotment of Rights Units to Eligible Unitholders (as defined herein) under the Rights Issue (the “Rights Entitlements”). This Circular may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights Units and Rights Entitlements or make an offer of the Rights Units and the Rights Entitlements, and the Rights Units and Rights Entitlements may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction.

This Circular is not for distribution, directly or indirectly, in or into the United States of America (“U.S.”). It is not an offer of securities for sale into the U.S.. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state of the U.S. or other jurisdiction, and the Units may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of First REIT in the U.S. would be made by means of a prospectus that would contain detailed information about First REIT and First REIT Management Limited (“FRML”), as manager of First REIT (the “Manager”), as well as financial statements. The Manager does not intend to conduct a public offering of securities in the U.S..

FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

FIRST REIT MANAGEMENT LIMITED

(Company Registration Number: 200607070D)

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- (1) THE PROPOSED LPKR MLA RESTRUCTURING (AS DEFINED HEREIN)
BEING INTERESTED PERSON TRANSACTIONS; AND
- (2) THE PROPOSED WHITEWASH RESOLUTION (AS DEFINED HEREIN).

Sole Financial Adviser to the Manager for the Proposed LPKR MLA Restructuring



Independent Financial Adviser to the
Independent Committee (as defined herein),
the Audit and Risk Committee (as defined
herein) and to Perpetual (Asia) Limited (in its
capacity as trustee of First REIT)



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for pre-registration for Extraordinary General Meeting (“EGM”)	2:30 p.m. (Singapore time) on Saturday, 16 January 2021
Last date and time for lodgement of Proxy Forms	2:30 p.m. (Singapore time) on Saturday, 16 January 2021
Date and time of EGM convened and held by way of electronic means	2:30 p.m. (Singapore time) on Tuesday, 19 January 2021

Unless otherwise defined below, capitalised terms shall bear the same meanings ascribed to them in the Circular.

Percentage of First REIT’s Net Property Income Attributable to LPKR and Certain Subsidiaries of Siloam

The percentage of First REIT’s net property income attributable to LPKR and certain subsidiaries of Siloam is 64.6% as at FY2019.

DPU Yield and DPU With and Without the Impact of the Proposed LPKR MLA Restructuring

	FY2019 ⁽¹⁾		1H2020 ⁽⁷⁾	
	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring
DPU (cents) ⁽³⁾	8.60	4.98 ⁽²⁾	2.30	0.89 ⁽⁸⁾
DPU Yield (%) based on the closing price on the Latest Practicable Date (\$\$0.41)	–	12.1 ⁽⁴⁾	–	4.3 ⁽¹⁰⁾
DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (\$\$0.885)	9.7 ⁽⁵⁾	5.6 ⁽⁶⁾	5.2 ⁽¹¹⁾	2.0 ⁽¹²⁾
Annualised DPU Yield (%) based on the closing price on the Latest Practicable Date (\$\$0.41)	–	–	–	–
Annualised DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (\$\$0.885)	–	–	–	–

The expiry or termination of the LPKR MLAs, or the inability of LPKR and/or Siloam to fulfil their obligations under such LPKR MLAs, may have a material adverse effect on First REIT’s financial condition, results of operations and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan.

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) Excluding the one-off master lease restructuring costs of \$3.4 million, the DPU will be 5.40 cents.
- (3) The Units in issue and to be issued do not include the 7,213,377 Units issued from 1 January 2020 to the date preceding the date of this Circular.
- (4) Based on the closing price on the Latest Practicable Date of \$0.41 per Unit. Excluding the one-off master lease restructuring costs of \$3.4 million, the DPU yield will be 13.2%.
- (5) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of \$0.885 per Unit.
- (6) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of \$0.885 per Unit. Excluding the one-off master lease restructuring costs of \$3.4 million, the DPU yield will be 6.1%.
- (7) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of \$19.6 million extended to all tenants for the months of May and June 2020.
- (8) Excluding the one-off master lease restructuring costs of \$3.4 million, the DPU will be 1.31 cents.
- (9) The Units in issue and to be issued do not include the Units 2,682,950 issued from 1 July 2020 to the date preceding the date of this Circular.
- (10) Based on the closing price on the Latest Practicable Date of \$0.41 per Unit. Excluding the one-off master lease restructuring costs of \$3.4 million, the annualised DPU yield will be 6.4%.
- (11) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of \$0.885 per Unit.
- (12) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of \$0.885 per Unit. Excluding the one-off master lease restructuring costs of \$3.4 million, the annualised DPU yield will be 3.0%.

WHAT MUST I KNOW ABOUT THE TRANSACTIONS?

The following extract is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary of this Circular.

WHAT ARE THE PROPOSED TRANSACTIONS?

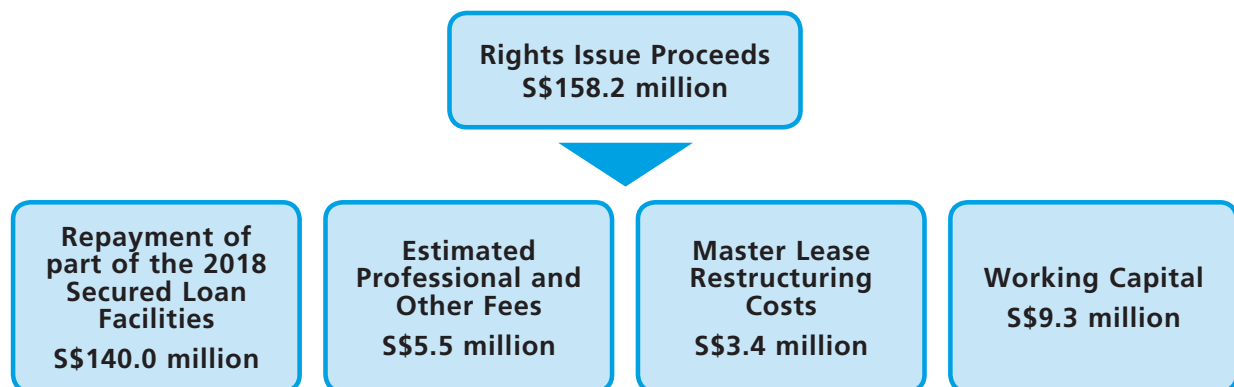
A RESTRUCTURING OF MASTER LEASE AGREEMENTS

- **Proposed Restructuring of the LPKR Master Lease Agreements**
 - Proposed restructuring of the MLAs for all of the hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of Siloam

B RECAPITALISATION OF FIRST REIT

- **S\$158.2 Million Rights Issue**
 - The Manager intends to undertake a rights issue to issue approximately 791,063,000 Units (which is equivalent to approximately 98% of the 807,206,351 Units in issue as at the Latest Practicable Date) to raise gross proceeds of approximately S\$158.2 million on a renounceable basis to Eligible Unitholders and on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, at an indicative issue price of S\$0.20 per Rights Unit

WHAT IS THE INTENDED USE OF PROCEEDS FROM THE RIGHTS ISSUE?



In support of First REIT and the Rights Issue, FRML and OUELH have provided irrevocable undertakings that, among others, FRML will, and OUELH will procure OHI to, accept, subscribe and pay in full for its respective total provisional allotments of the Rights Units. In addition, OUE has provided an irrevocable undertaking that, among others, OUE will either (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units) or (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue

THE PROPOSED TRANSACTIONS ARE CRITICAL FOR FIRST REIT

A The viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring

B The Rights Issue is required to repay the S\$140 million difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million under the Refinancing Facility

BACKGROUND AND CONTEXT OF THE PROPOSED LPKR MLA RESTRUCTURING

A LPKR'S FINANCIAL POSITION

- LPKR is facing significant liquidity pressure and this is exacerbated by the depreciation of the Indonesian Rupiah against the Singapore Dollar by approximately 44.8% since the initial public offering of First REIT which adds further pressure on LPKR as rent payments under the existing LPKR MLAs have to be made in Singapore Dollars
- Without the Proposed LPKR MLA Restructuring, there is a real risk and high probability that LPKR would default under the existing LPKR MLAs, a consequence of which may include an immediate loss of approximately 72.1% of First REIT's rental income

Potential Consequences of a LPKR Default under the LPKR MLAs

Loss of approximately **72.1% of rental income**

Breaches in debt covenants

Impairs First REIT's ability to execute any refinancing and meet its repayment obligations

Lengthy, costly and cumbersome legal disputes

Incurring of operating and capital expenditures

Trigger a difficult, uncertain and lengthy leasing exercise to secure new healthcare and/or other relevant tenants

B FIRST REIT'S IMPENDING DEBT MATURITY AND LEASE EXPIRY

First REIT's Debt Maturity

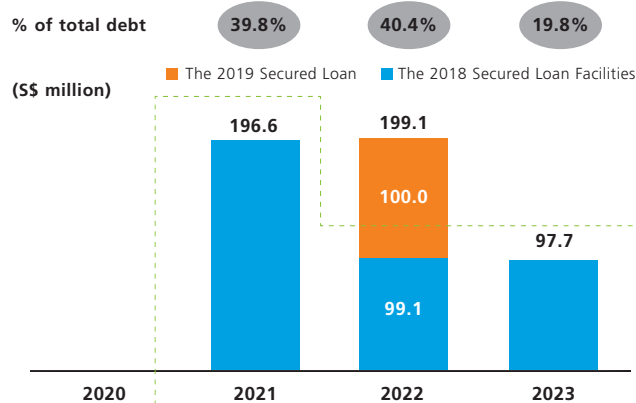
- 80.2% (or approximately S\$395.7 million) of First REIT's debt is coming due within the next 18 months with 39.8% (or approximately S\$196.6 million) coming due on 1 March 2021

Impending Expiry of IPO MLAs

- The initial term of the master lease agreements in respect of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Lippo Village will expire in December 2021

Conditions to Re-Financing

- First REIT's lenders have expressed significant concerns over the sustainability of First REIT's capital structure in light of LPKR's current financial circumstances and LPKR's expressed intentions regarding the Proposed LPKR MLA Restructuring
- The Trustee has signed the Refinancing Facility in order to meet its repayment obligation on 1 March 2021. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million under the Refinancing Facility, being S\$140 million
- However, the viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT's valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT
- Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Rights Issue



WHAT ARE THE REASONS FOR THE PROPOSED LPKR MLA RESTRUCTURING?

WHY SHOULD I VOTE IN FAVOUR OF THE PROPOSED LPKR MLA RESTRUCTURING?

1

Avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs and resulting termination of the existing LPKR MLAs

2

Avoids the time, costs and complications of enforcing legal rights in Indonesia

3

Provides clarity on asset valuations and cash flows

4

Facilitates debt financing and refinancing and avoids an imminent default of repayment due on 1 March 2021

5

Takes into account the changed economic environment in Indonesia due to the Covid-19 pandemic

6

Provides for sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside

7

Renews all of the LPKR MLAs to December 2035 and together with the MPU MLA Restructuring, increases First REIT's weighted average lease expiry by approximately 5.2 years⁽¹⁾

8

Preserves long-term value for Unitholders



Sustainable path for First REIT and avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs



Extends First REIT's weighted average lease expiry by approximately 5.2 years from 7.4 years⁽¹⁾ to 12.6 years⁽²⁾ to reposition First REIT for future growth



Avoids an imminent default of repayment obligation due on 1 March 2021 and facilitates having in place a sustainable capital structure



Preserves long-term value for the unitholders of First REIT

⁽¹⁾ Weighted by GFA as at 31 December 2019.

⁽²⁾ Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

WHAT ARE THE TERMS OF THE PROPOSED LPKR MLA RESTRUCTURING?

The table is a summary of the key changes relating to the LPKR MLAs:

Overview of Key Terms

S\$ million unless otherwise stated		Current (FY2019)	Proposed
LPKR Hospitals	Base Rent	S\$80.9 ⁽³⁾ (LPKR Hospitals)	S\$50.9 (LPKR Hospitals) (IDR550.7bn) ⁽⁵⁾
	Base Rent Escalation	2x of Singapore's consumer price index increase for the preceding calendar year (capped at 2%)	4.5% annually
	Variable/Performance Based Rent	S\$2.9 (LPKR)	8.0% of preceding financial year Hospital gross operating revenue
	Total Rent Payable	Base + Variable	Higher of Base or Performance Based Rent (asset by asset basis)
	Tenure	15 years + 15 years with mutual agreement/at the option of LPKR	15 years + 15 years with mutual agreement
	Currency	SGD	IDR
	Security Deposits	6 months	8 months
Other Assets ⁽⁴⁾	Base Rent	S\$20.5	Unchanged
	Variable Rent	S\$0.5	Unchanged

Note: Assume IDR/SGD = 10,830

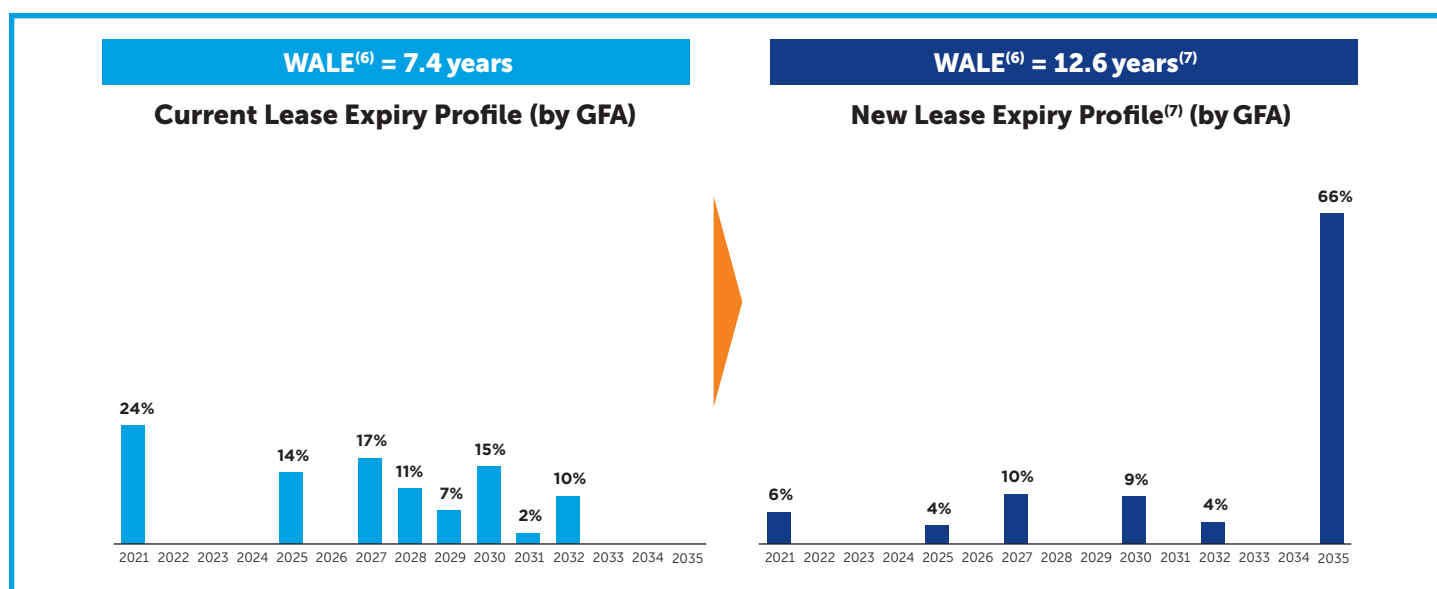
(3) Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased as a whole. The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 and there is no separate MLA for Hotel Aryaduta Manado. The master lessee of Hotel Aryaduta Manado will pay a commencement base rent of S\$3.307 million as at 1 January 2021 based on the terms of the supplemental MLA in respect of Hotel Aryaduta Manado. The existing base rent of Siloam Hospitals Manado is a derived number, by subtracting S\$3.307 million from the total rent of the Manado Property for FY2019.

(4) Refers to Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado, Lippo Plaza Kupang, Lippo Plaza Buton, Imperial Aryaduta Hotel & Country Club, Pacific Healthcare Nursing Home @Bukit Merah, Pacific Healthcare Nursing Home II @Bukit Panjang, The Lantor Residence, and Sarang Hospital.

(5) On 1 January 2021, the Singapore Dollar denominated rents for each hospital will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830.

Increased WALE Post-Completion of the Proposed LPKR MLA Restructuring and MPU MLA Restructuring

- Extended Weighted Average Lease Expiry ("WALE"):** WALE for First REIT will be extended from 7.4 years as at 31 December 2019 to 12.6 years⁽⁶⁾, which provides a more certain and stable lease profile to reposition First REIT for future growth



Note: Assume IDR / SGD = 10,830

(6) Weighted by GFA as at 31 December 2019.

(7) Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

WHAT ARE THE RESOLUTIONS?

RESOLUTION 1: THE PROPOSED LPKR MLA RESTRUCTURING

Ordinary Resolution in respect of the Proposed LPKR MLA Restructuring

- Simple majority (> 50%) required from First REIT Unitholders who are voting

RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

Ordinary Resolution on the proposed waiver by Unitholders other than CDPL, which is a direct wholly-owned subsidiary of OUE, and its concert parties of their rights to receive a general offer for their Units from CDPL pursuant to Rule 14 of the Takeover Code

- Simple majority (> 50%) required from First REIT Unitholders who are voting

Unitholders should note that Resolution 1 and Resolution 2 are not inter-conditional upon each other. The Manager will not launch the Rights Issue unless Resolution 1 is passed. In the event that Resolution 2 is not passed, the Manager will not launch the Rights Issue unless it is able to arrange for the Rights Issue to be underwritten. It should be noted that the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking are conditional upon the passing of Resolution 1 and Resolution 2

WHAT IS THE VIEW OF THE INDEPENDENT COMMITTEE, THE AUDIT AND RISK COMMITTEE AND THE IFA?

RESOLUTION 1 ON THE PROPOSED LPKR MLA RESTRUCTURING

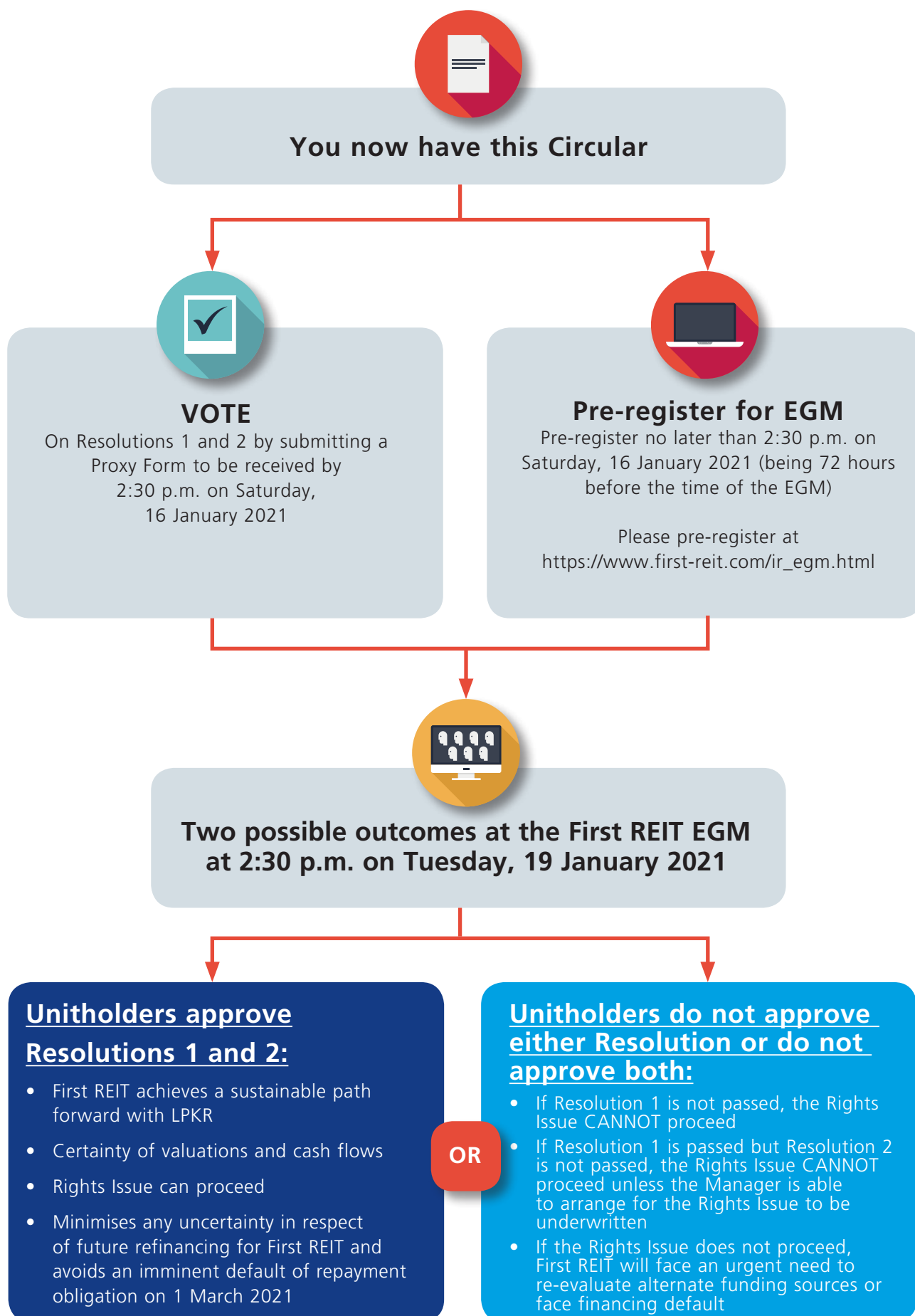
- ✓ The IFA is of the opinion that, on balance, the Proposed LPKR MLA Restructuring being Interested Person Transactions is on normal commercial terms and is **not prejudicial** to the interests of First REIT and its minority Unitholders
- ✓ The Independent Committee and the Audit and Risk Committee **recommend that Unitholders vote in favour** of the resolution in connection with the Proposed LPKR MLA Restructuring

RESOLUTION 2 ON THE PROPOSED WHITEWASH RESOLUTION

- ✓ The IFA is of the opinion that (i) the terms of the Rights Issue, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable and (ii) the Proposed Whitewash Resolution is **fair and reasonable**
- ✓ The Independent Committee and the Audit and Risk Committee **recommend that Unitholders vote in favour** of the Proposed Whitewash Resolution

WHAT DO I NEED TO DO?

Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. Instead, Unitholders are to:



HOW CAN I VOTE?

In order to vote please follow the following steps:

1 STEP 1: LOCATE THE PROXY FORM

The Proxy Form is found at the end of this Circular and is also available via the following links at https://www.first-reit.com/ir_egm.html and <https://www.sgx.com/securities/company-announcements>.

2 STEP 2: COMPLETE THE PROXY FORM

FIRST REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))
Managed by First REIT Management Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT:

- The Extraordinary General Meeting ("EGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to the printed copies of the Notice of Extraordinary General Meeting dated 28 December 2020 which will be sent to unitholders, the Notice of Extraordinary General Meeting will also be available through electronic means via publication on First REIT's website at https://www.first-reit.com/ir_egm.html, and will also be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
- Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 28 December 2020. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and also on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
- Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.
- Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 7 January 2021**, being seven (7) working days before the date of the EGM.
- By submitting an instrument appointing the Chairman of the EGM as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 December 2020.
- Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.

I/We _____ (Name(s)) _____ (NRIC No./Passport No./Company Registration No.) of _____ (Address) being a unitholder/unitholders of First Real Estate Investment Trust ("First REIT"), hereby appoint the Chairman of the EGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of First REIT to be convened and held by way of electronic means on **Tuesday, 19 January 2021 at 2:30 p.m.** and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder.

	Resolutions	No. of Votes For*	No. of Votes Against*	Abstain
	ORDINARY RESOLUTION			
1	To approve the Proposed LPKR MLA Restructuring being Interested Person Transactions			
2	To approve the Proposed Whitewash Resolution			

* Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the EGM as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of units that the Chairman of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.

Dated this _____ day of _____ 2020/2021

Signature(s) of unitholder(s)/
Common Seal of Corporate Unitholder

IMPORTANT: Please read notes on the reverse side

Total No. of Units held

A Fill in your name and particulars.

B Indicate your vote in the box labelled FOR, AGAINST or ABSTAIN.

C Please sign. If you are an individual, you or your attorney MUST SIGN and indicate the date. If you are a corporation, you must include your common seal and your authorised officer or attorney MUST SIGN.

D Please indicate the number of Units held.

3 STEP 3: SUBMIT THE COMPLETED FORM

- If submitted by post, be lodged at the First REIT Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or
- If submitted electronically, be submitted via email to the Unit Registrar at FREGM2021@boardroomlimited.com.
- In either case, by no later than 2:30 p.m. on Saturday, 16 January 2021, being 72 hours before the time fixed for the EGM.



Siloam Hospitals TB Simatupang



Siloam Hospitals Kebon Jeruk



Siloam Hospitals Lippo Village

**The future of First REIT depends on you.
Please VOTE today. Thank you!**

Token of Appreciation

In keeping with our tradition of showing appreciation for our Unitholders' participation at the physical meetings, we will be sending a S\$15 NTUC FairPrice voucher to all Unitholders who hold Units through their securities accounts with The Central Depository (Pte) Limited (excluding securities sub-accounts) and participate in this virtual EGM by validly submitting their votes.

Your completed Proxy Form must reach the Unit Registrar by 2:30 p.m. on Saturday, 16 January 2021 in order for your participation to be counted as valid.



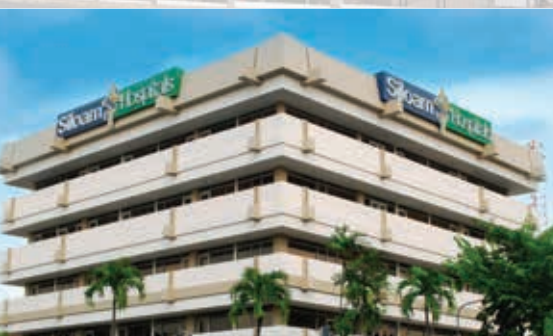
Siloam Hospitals Makassar



Mochtar Riady Comprehensive Cancer Centre



Siloam Hospitals Bali



Siloam Hospitals Surabaya



Siloam Hospitals Labuan Bajo

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PROXY FORM	

CORPORATE INFORMATION

Directors of First REIT Management Limited	:	Mr Christopher James Williams (Chairman and Non-Independent Non-Executive Director) Mr Tan Kok Mian Victor (Executive Director and Chief Executive Officer) Mr Chan Pengee Adrian (Lead Independent Director) Mr Ferris Charles Bye (Independent Director) Mr Tan Chuan Lye (Independent Director) Mr Martin Lechner (Independent Director) Ms Minny Riady (Non-Independent Non-Executive Director)
Registered Office of the Manager	:	333 Orchard Road #33-02 Singapore 238867
Trustee of First REIT (the “Trustee”)	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT) 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Sole Financial Adviser to the Manager for the Proposed LPKR MLA Restructuring (the “Sole Financial Adviser”)	:	Merrill Lynch (Singapore) Pte. Ltd. OUE Bayfront #14-01 50 Collyer Quay Singapore 049321
Legal Adviser for the Proposed LPKR MLA Restructuring and the Proposed Rights Issue and to the Manager as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager for the Proposed LPKR MLA Restructuring as to Indonesian Law	:	Soemadipradja & Taher Wisma GKBI, Level 9 Jl. Jenderal Sudirman No. 28 Jakarta 10210, Indonesia
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624

Independent Financial Adviser to the Independent Committee and Audit and Risk Committee of the Manager and to the Trustee (“IFA”)	:	SAC Capital Private Limited 1 Robinson Road #21-00 AIA Tower Singapore 048542
Independent Valuers	:	Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan (“ C&W ”) 3 Church Street #09-03 Singapore 049483 (appointed by the Trustee) KJPP Willson & Rekan in association with Knight Frank (“ Knight Frank ”, and together with C&W, the “ Independent Valuers ”) Chase Plaza 17th Floor Jl. Jend. Sudirman Kav. 21 Jakarta 12920, Indonesia (appointed by the Manager)
Independent Market Research Consultant	:	Frost & Sullivan (S) Pte Ltd 78 Shenton Way #32-00 Singapore 079120
Unit Registrar and Unit Transfer Office (the “Unit Registrar”)	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 89 to 98 of this Circular.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

ABOUT FIRST REIT

Listed on the SGX-ST on 11 December 2006, 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 primarily used for healthcare and/or healthcare-related purposes¹. As at 31 December 2019, First REIT's existing portfolio comprised 20 properties, 16 of which are located in Indonesia, three in Singapore and one in South Korea, with a combined gross floor area ("**GFA**") of 350,850 square metres.

SUMMARY OF APPROVALS SOUGHT

The Manager is seeking the approval of Unitholders for the following resolutions:

- (i) **Resolution 1:** the proposed restructuring of the master lease agreements ("**MLAs**") for all of the hospitals which First REIT had leased to either PT. Lippo Karawaci Tbk ("**LPKR**") or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk ("**Siloam**") (the "**LPKR Hospitals**", and the MLAs for all of the LPKR Hospitals, the "**LPKR MLAs**", and the proposed restructuring of the LPKR MLAs, "**Proposed LPKR MLA Restructuring**") (Ordinary Resolution²); and
- (ii) **Resolution 2:** the proposed waiver by Unitholders other than Clifford Development Pte. Ltd. ("**CDPL**"), which is a direct wholly-owned subsidiary of OUE Limited ("**OUE**"), and its concert parties (as defined in The Singapore Code on Take-overs and Mergers (the "**Takeover Code**")) (the "**Independent Unitholders**") of their rights to receive a general offer for their Units from CDPL pursuant to Rule 14 of the Takeover Code (the "**Proposed Whitewash Resolution**") (Ordinary Resolution).

Unitholders should note that Resolution 1 and Resolution 2 are not inter-conditional upon each other. The Manager will not launch the Rights Issue unless Resolution 1 is passed. In the event that Resolution 2 is not passed, the Manager will not launch the Rights Issue unless it is able to arrange for the Rights Issue to be underwritten. It should be noted that the FRML Irrevocable Undertaking (as defined herein), the OUELH Irrevocable Undertaking (as defined herein) and the OUE Irrevocable Undertaking (as defined herein) are conditional upon the passing of Resolution 1 and Resolution 2. Further details of the Rights Issue are set out at paragraph 9 of the Letter to Unitholders.

1 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.

2 "**Ordinary Resolution**" refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the "**Trust Deed**").

OVERVIEW OF THE EXISTING ARRANGEMENTS UNDER THE LPKR MLAS

Under the LPKR MLAs, the master lessors are wholly-owned subsidiaries of First REIT and the master lessees are LPKR or (in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta) LPKR and subsidiaries of Siloam.

LPKR is a property company listed on the Indonesia Stock Exchange, which had sold all of the LPKR Hospitals (save for Mochtar Riady Comprehensive Cancer Centre, which was acquired by First REIT from an unrelated third party) to First REIT between 2006 and 2017. Additionally, LPKR owns 55.4% of Siloam, which is a separately listed company on the Indonesia Stock Exchange and the operator of each of the LPKR Hospitals.

The following table sets out the LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, the relevant master lessee(s) of the LPKR Hospitals and the relevant master lessor of the LPKR Hospitals.

No.	Property Name	Master Lessee(s)	Master Lessor
1.	Siloam Hospitals Surabaya	LPKR	PT. Tata Prima Indah
2.	Siloam Hospitals Kebon Jeruk	LPKR	PT. Graha Indah Pratama
3.	Siloam Hospitals Lippo Village	LPKR	PT. Sentra Dinamika Perkasa
4.	Mochtar Riady Comprehensive Cancer Centre	LPKR	PT. Primatama Cemerlang
5.	Siloam Hospitals Makassar	LPKR	PT. Bayutama Sukses
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	LPKR	PT. Menara Abadi Megah
7.	Siloam Hospitals TB Simatupang	LPKR	PT. Perisai Dunia Sejahtera
8.	Siloam Hospitals Bali	LPKR	PT. Dasa Graha Jaya
9.	Siloam Hospitals Labuan Bajo	LPKR and a wholly-owned subsidiary of Siloam	PT. Prima Labuan Bajo
10.	Siloam Hospitals Buton	LPKR and a wholly-owned subsidiary of Siloam	PT. Buton Bangun Cipta
11.	Siloam Hospitals Yogyakarta	LPKR and a wholly-owned subsidiary of Siloam	PT. Yogya Central Terpadu

APPROACH BY PT. LIPPO KARAWACI TBK

All of the properties in First REIT at the time of its initial public offering (“**IPO**”) in December 2006 were leased to LPKR under MLAs. These properties include Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci) (the “**IPO Hospital Properties**”). The MLAs in respect of the IPO Hospital Properties (the “**IPO MLAs**”) have an initial term of 15 years, subject to an option given to LPKR to renew the MLAs for another 15 years. The initial term of the IPO MLAs will expire in December 2021. The Manager has been engaging with LPKR on the renewal of the IPO MLAs since 2019.

On 1 June 2020, LPKR unilaterally announced its intention to restructure all of the LPKR MLAs. In response to this press release, the Manager issued an announcement on the same day stating that it had not been approached by LPKR in respect of the matters mentioned in the press release.

On 31 August 2020, the Manager announced that it was anticipating to receive a proposal regarding the rental restructuring from LPKR. On 20 September 2020, the Manager announced that it had received a non-binding rental restructuring proposal from LPKR in respect of the LPKR MLAs and that the board of directors of the Manager (the “**Board**”) had set up an independent board committee (the “**Independent Committee**”) comprising all the independent directors of the Board (the “**Independent Directors**”), namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner to carefully consider and evaluate the non-binding proposal¹. On 30 September 2020, the Manager announced that it had appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to the Manager in connection with the restructuring discussions. The Independent Committee has been engaging with LPKR to understand the context of LPKR’s request and negotiate the terms of a restructuring.

RESOLUTION 1: THE PROPOSED LPKR MLA RESTRUCTURING

Memorandum of Understanding with LPKR

On 28 November 2020, the Trustee entered into a memorandum of understanding with LPKR (the “**LPKR MOU**”) in respect of, among other things, the Proposed LPKR MLA Restructuring, which is conditional upon, among other things, the approval of the independent Unitholders.

(See **paragraph 4.3** of the Letter to Unitholders for further details.)

¹ Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner are also members of the audit and risk committee of the Manager (the “**Audit and Risk Committee**”).

Key Terms of the Restructured LPKR MLAs

It is proposed that the Proposed LPKR MLA Restructuring be effected by the entry into supplemental MLAs between the relevant master lessors and the relevant master lessees, which will amend and restate the existing LPKR MLAs based on the key terms which are set out below.

(a) Term of the Restructured LPKR MLAs

The following table sets out the LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, their acquisition year, the expiry year of the initial term of the relevant MLAs as well as the master lessee(s) of the LPKR Hospitals. Any extension of the initial term of the MLAs requires LPKR's agreement.

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee(s)
1.	Siloam Hospitals Surabaya	2006 (Year of IPO)	2021	LPKR
2.	Siloam Hospitals Kebon Jeruk	2006	2021	LPKR
3.	Siloam Hospitals Lippo Village	2006	2021	LPKR
4.	Mochtar Riady Comprehensive Cancer Centre	2010	2025	LPKR
5.	Siloam Hospitals Makassar	2012	2027	LPKR
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	2012	2027	LPKR
7.	Siloam Hospitals TB Simatupang	2013	2028	LPKR
8.	Siloam Hospitals Bali	2013	2028	LPKR
9.	Siloam Hospitals Labuan Bajo	2016	2031	LPKR and a wholly-owned subsidiary of Siloam
10.	Siloam Hospitals Buton	2017	2032	LPKR and a wholly-owned subsidiary of Siloam
11.	Siloam Hospitals Yogyakarta	2017	2032	LPKR and a wholly-owned subsidiary of Siloam

Under the Proposed LPKR MLA Restructuring, the 15-year term of the restructured LPKR MLAs will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees. The lease for the further term shall be on terms and conditions (including the rent payable for the further term) to be mutually agreed between the parties. The leases of hospitals with redevelopment potential, such as Siloam Hospitals Surabaya, may be terminated at any time by mutual written consent of the parties, subject to the feasibility and due diligence of any proposed redevelopment plan, which must be yield accretive and meet First REIT's investment objectives. At this stage, only Siloam Hospitals Surabaya has been identified by the Manager as having such redevelopment potential.

(b) Revised Rental Formula

The current rental formula under each of the existing LPKR MLAs provides for rental to be calculated based on the sum of a base rent component and a variable rent component. For further details regarding the base rent and the variable rent under the existing LPKR MLAs, see **paragraph 4.2.2** of the Letter to Unitholders.

Under the restructured LPKR MLAs, the rent that is applicable to the first year under the restructured LPKR MLAs (the "**Commencement Base Rent**") was determined on a portfolio basis with the asset-by-asset details set out in **Appendix A** of this Circular. The Commencement Base Rent was determined having taken into account factors such as the free cash flow and the rent over earnings before interest, taxes, depreciation, amortisation and rental ("**EBITDAR**") ratio of the LPKR Hospitals, which C&W had observed to be in the range of 40% to 45% for other healthcare real estate investment trusts ("**REITs**") in the Association of Southeast Asian Nations and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust.

The rental amounts payable under the restructured LPKR MLAs shall be denominated in Indonesian Rupiah and shall be payable quarterly. The rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Rental for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) will be the pro-rated Indonesian Rupiah denominated Commencement Base Rents as set out in **Appendix A** of this Circular. There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. The increase in the rent payable is structured to be a minimum of 4.5% per annum calculated using the Commencement Base Rent.

For the second period of the lease under the restructured LPKR MLAs which will commence on 1 October 2021 and end on 30 September 2022, the adopted annual rent shall be the higher of:

- (i) 8.0% of the gross operating revenue ("**GOR**") for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Commencement Base Rent $\times (1 + S)$ = Second Lease Year Base Rent, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For the third period of the lease under the restructured LPKR MLAs which will commence on 1 October 2022 to 30 September 2023, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or

- (ii) the Second Lease Year Base Rent $X (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For subsequent lease years under the restructured LPKR MLAs, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year’s Base Rent $X (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

The aggregate rent for the final lease period ending on (and including) 31 December 2035, being the day immediately preceding the 15th anniversary of the commencement date of the restructured LPKR MLAs, will be “A” multiplied by “B”, where:

A = the higher of the following:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year’s Base Rent $X (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

B = number of days in such final lease period/365 days.

(c) Security Deposit

Under the terms of the existing LPKR MLAs, the relevant master lessees are required to pay to and maintain with the relevant master lessors, for the duration of each year, a security deposit equivalent to six months of the monthly rent payable by the relevant master lessees in accordance with the terms of the respective existing LPKR MLAs for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). The full amount of the security deposits which the relevant master lessees are required to pay to and maintain with the relevant master lessors under the terms of the existing LPKR MLAs have been provided.

As for the security deposits payable under the restructured LPKR MLAs, the security deposit payable by the relevant master lessees to the relevant master lessors shall be, for each year in the term under the restructured LPKR MLAs, eight months of the total monthly rent payable for each such year, which shall be furnished by the relevant master lessee to the relevant master lessor:

- (a) in the case of the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive), on or before 1 January 2021; and
- (b) in the case of each subsequent year of the restructured LPKR MLAs, no later than the date falling 30 days before the commencement date of each relevant subsequent year.

(See **paragraph 4.2** of the Letter to Unitholders for further details.)

Consequential Amendments to the Existing MLA in Respect of Hotel Aryaduta Manado

Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased by LPKR as a whole (the “**Manado Property**”). The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 (the “**Manado Property MLA**”) and there is no separate MLA for Hotel Aryaduta Manado.

As the intention is to restructure the lease terms of Siloam Hospitals Manado, but not to restructure the lease terms of Hotel Aryaduta Manado, the lease terms of Siloam Hospitals Manado need to be isolated from the lease terms of Hotel Aryaduta Manado.

It is therefore proposed that the relevant master lessor and the relevant master lessee enter into a separate supplemental MLA for Hotel Aryaduta Manado which will take effect from 1 January 2021, to effect amendments to the lease terms in respect of Hotel Aryaduta Manado which are intended to be consequential only, for the purpose of separating the lease terms of Hotel Aryaduta Manado from the lease terms of Siloam Hospitals Manado.

(See **paragraph 4.5** of the Letter to Unitholders for further details.)

BACKGROUND AND CONTEXT OF THE PROPOSED LPKR MLA RESTRUCTURING

LPKR’s Financial Position

The Manager understands that LPKR is facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses. For illustration, LPKR has been generating negative operating cash flows since 2015 with an aggregate negative cash flow of approximately Rp.15.7 trillion (approximately S\$1.5 billion¹). The situation is exacerbated by the depreciation of the Indonesian Rupiah against the Singapore Dollar by approximately 44.8% since the IPO of First REIT² which adds further pressure on LPKR as rent payments under the existing LPKR MLAs have to be made in Singapore Dollars.

The Manager also understands that the impact of the Covid-19 pandemic on LPKR’s business is substantial and has further weakened its operating performance in the medium term. Marketing sales have been significantly impacted and LPKR has found it challenging to sell the building inventory that it has constructed. This has forced LPKR to resort to selling low-cost housing which, although generating better volumes, comes with much lower margins. LPKR’s non-development business has been impacted more severely. All of LPKR’s malls were forced to close during the Covid-19 pandemic and even though the malls have re-opened in September and October 2020, traffic remains at approximately 40 to 50% of pre-Covid-19 levels, with customers spending significantly less time in malls during each visit. As late as November 2020, the number of new Covid-19 infections in Indonesia continued to rise each day. LPKR’s hotels have also been adversely impacted by the Covid-19 pandemic, with revenues and earnings before interest, taxes, depreciation and amortisation (“**EBITDA**”) in the first nine months of the financial year ending 31 December 2020 (“**FY2020**”) from 1 January 2020 to 30 September 2020 (“**9M2020**”) down 52% and 115% respectively compared to the same period last year.

(See **paragraph 5.1** of the Letter to Unitholders for further details on the financial position of LPKR.)

1 Computed based on the mid-market Singapore Dollar to Indonesian Rupiah exchange rate at the end of the respective financial year.

2 From 4 December 2006 to 30 October 2020. Source: Bloomberg. Bloomberg has not provided its consent to the inclusion of the information extracted from its report in this Circular and Bloomberg is not responsible for the information extracted from its report in this Circular.

Siloam's Operating Performance

The Covid-19 pandemic has also severely impacted Siloam, which is a separately listed subsidiary of LPKR. Both outpatient and inpatient volumes across Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, of which Siloam is a joint lessee, have plunged by approximately 22% and 25% respectively for 9M2020 as compared to the prior year, which has led to a 180% decline in the net profit of Siloam¹.

Siloam's revenue and EBITDA² also decreased by 22% and 55% respectively for the second quarter of FY2020 from 1 April 2020 to 30 June 2020 ("**2Q2020**") when compared to the same quarter in 2019. Revenues were affected as footfall decreased across both inpatient and outpatient departments as patients avoided hospitals visits due to apprehension about contracting the Covid-19 disease. During this same time, while revenues decreased, staffing and material costs increased significantly as Siloam had to provide hardship allowances and cover the costs of personal protective equipment for its doctors, nurses and staff, adding approximately S\$13 million in costs in the first nine months of 2020. The performance of Siloam continues to deteriorate, with inpatient traffic down 39% year-on-year in the third quarter of FY2020 from 1 July 2020 to 30 September 2020 ("**3Q2020**").

The Manager further understands that the performance of the hospital sector in Indonesia is expected to remain challenged in the fourth quarter of FY2020 from 1 October 2020 to 31 December 2020 ("**4Q2020**") and in 2021 as infection and death rates arising as a result of the Covid-19 pandemic remain elevated.

(See **paragraph 5.2** of the Letter to Unitholders for further details on the operating performance of Siloam.)

RATIONALE FOR THE PROPOSED LPKR MLA RESTRUCTURING

Having carried out extensive engagements with LPKR and giving due consideration to the matter, the Manager understands that without the Proposed LPKR MLA Restructuring, there is a real risk and high probability that LPKR would default under the existing LPKR MLAs. In that regard, the Manager is of the view that the Proposed LPKR MLA Restructuring should be carried out for the following reasons:

- (i) Avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs and resulting termination of the existing LPKR MLAs;
- (ii) Avoids the time, costs and complications of enforcing legal rights in Indonesia;
- (iii) Provides clarity on asset valuations and cash flows;
- (iv) Facilitates debt financing and refinancing and avoids an imminent default of repayment due on 1 March 2021;
- (v) Takes into account the changed economic environment in Indonesia due to the Covid-19 pandemic;
- (vi) Provides for sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside;

1 Source: Siloam's press release titled "Siloam Hospitals Reports 9M2020 Revenues Decreased 4.1% to Rp5,001 billion as COVID-19 Continues to Impact Revenues and Earnings" published on 27 October 2020 which is available on the website of Siloam at <https://www.siloamhospitals.com/> (last accessed on 23 December 2020).

2 With reference to Siloam's interim financial statements for the first six-month period of FY2020 from 1 January 2020 to 30 June 2020 ("**1H2020**") and results presentation slides, the EBITDA is based on the adoption of new accounting policy of PSAK 73 – Leases, whereby leases which were previously classified as operating leases based on PSAK 70 – Leases are now recognised as right-of-use assets and lease liabilities which the right-of-use assets are depreciated over the lease period.

- (vii) Renews all of the LPKR MLAs to December 2035 and together with the restructuring of the MLAs entered into with PT. Metropolis Propertindo Utama in respect of Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang (the **"MPU MLA Restructuring"**), increases First REIT's weighted average lease expiry by approximately 5.2 years¹; and
- (xiii) Preserves long-term value for Unitholders.

(See **paragraph 6** of the Letter to Unitholders for further details.)

INTERESTED PERSON TRANSACTIONS² AND INTERESTED PARTY TRANSACTIONS³

As at 23 December 2020, being the latest practicable date prior to the date of this Circular (the **"Latest Practicable Date"**), Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 159,167,216 (or approximately 19.72%) of the Units, and are therefore each regarded as a Controlling Unitholder of First REIT under both the listing manual of the SGX-ST (the **"Listing Manual"**) and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

Based on the latest information available to the Manager as at 18 November 2020, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 41,592,628,005 (or approximately 58.67%) of the shares in LPKR, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, LPKR (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person³ (for the purposes of the Listing Manual) and an Interested Party⁴ (for the purposes of the Property Funds Appendix) of First REIT.

1 Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

2 **"Interested Person Transaction"** means a transaction between an entity at risk and an Interested Person (as defined herein).

3 **"Interested Party Transaction"** has the meaning ascribed to it in Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (**"MAS"**) (the **"Code on CIS"**), and Appendix 6 of the Code on CIS, the **"Property Funds Appendix"**).

4 The Listing Manual states that in the case of a REIT, the term **"interested person"** shall have the meaning ascribed to the term **"interested party"** in the Code on CIS. Therefore, the meaning of the term **"Interested Person"** is the same as the meaning of the term **"Interested Party"**.

4 As defined in the Property Funds Appendix, the term **"Interested Party"** means:

- (a) a director, chief executive officer or Controlling Shareholder (as defined herein) of the manager, or the manager, the trustee, or Controlling Unitholder (as defined herein) of First REIT; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of First REIT.

"Controlling Shareholder" means a person who:

- (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
- (b) in fact exercises control over a company.

"Controlling Unitholder" means a person who:

- (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

In addition, as Siloam is a subsidiary of LPKR, LPKR is deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the wholly-owned subsidiaries of Siloam (being companies in which a Controlling Unitholder of First REIT has an interest of 30% or more and being companies in which a Controlling Shareholder of the Manager has an interest of 30% or more) are Interested Persons (for the purposes of the Listing Manual) and Interested Parties (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed LPKR MLA Restructuring is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

(See **paragraph 8** of the Letter to Unitholders for further details.)

THE PROPOSED RIGHTS ISSUE

The Manager intends to undertake a rights issue to issue approximately 791,063,000 Rights Units (which is equivalent to approximately 98% of the 807,206,351 Units in issue as at the Latest Practicable Date) to raise gross proceeds of approximately S\$158.2 million on a renounceable basis to Eligible Unitholders and on a *pro rata* basis of 98 Rights Units for every 100 existing Units held as at 5:00 p.m. (Singapore time) on the date on which the register of Unitholders and the unit transfer books of First REIT will be closed to determine the provisional allotment of the Rights Units under the Rights Issue (as defined herein) to the Eligible Unitholders (the “**Rights Issue Record Date**”, and existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, “**Existing Units**”), at an indicative issue price of S\$0.20 per Rights Unit (the “**Issue Price**”), fractional entitlements to be disregarded (the “**Rights Issue**”). The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue prior to the Rights Issue as well as all distributions thereafter.

The Rights Units will be issued pursuant to the general mandate that was approved by Unitholders to the Manager for the issue of new Units, pursuant to an Ordinary Resolution obtained at an annual general meeting of Unitholders held on 20 May 2020.

The Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Rights Issue to be underwritten prior to the launch of the Rights Issue.

Under syndicated loan facilities of up to S\$400 million, S\$196.6 million is due on 1 March 2021, with the remaining repayable in March 2022 and March 2023 (the “**2018 Secured Loan Facilities**”). As mentioned in the announcement of First REIT dated 24 December 2020 in relation to the Refinancing Facility (as defined below), the Trustee has entered into a facility agreement with Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch on 24 December 2020 to refinance the 2018 Secured Loan Facilities with a loan facility of up to S\$260 million (the “**Refinancing Facility**”) in order to meet the S\$196.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities. The Rights Issue is required to repay the S\$140 million difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million under the Refinancing Facility. However, the viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT’s assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT’s valuations and visibility on future cash flows in order to evaluate First REIT and make

decisions regarding First REIT. Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Rights Issue. (See **paragraph 6.4** of this Letter to Unitholders for further details.)

Unitholders should note that in the event that Resolution 1 (the Proposed LPKR MLA Restructuring) is not approved, the Manager will not proceed with the Rights Issue.

Commitment by First REIT Management Limited

As at 24 December 2020, FRML owned an aggregate interest in 75,573,533 Units (the “**FRML Initial Units**”), comprising approximately 9.36% of the Units.

To demonstrate its support for First REIT and the Rights Issue, FRML has, on 24 December 2020, provided an irrevocable undertaking to the Manager (the “**FRML Irrevocable Undertaking**”) that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, FRML will have an interest in not less than the number of the FRML Initial Units credited to securities accounts with The Central Depository (Pte) Limited (“**CDP**”) which are held in the name of FRML (each with registered addresses with CDP in Singapore);
- (ii) in accordance with the terms and conditions of the Rights Issue, FRML will by the last day for acceptance and payment of the Rights Units (“**Closing Date**”) accept, subscribe and pay in full for, its total provisional allotment of the Rights Units (the “**FRML Allotted Rights Units**”); and
- (iii) FRML will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the FRML Irrevocable Undertaking.

The above obligations of FRML are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

Commitment by OUE Lippo Healthcare Limited

As at 24 December 2020, OLH Healthcare Investments Pte. Ltd. (“**OHI**”), being an indirect wholly-owned subsidiary of OUE Lippo Healthcare Limited (“**OUELH**”), owned an aggregate interest in 83,593,683 Units (the “**OHI Initial Units**”), comprising approximately 10.36% of the Units.

To demonstrate its support for First REIT and the Rights Issue, OUELH has, on 24 December 2020, provided an irrevocable undertaking to the Manager (the “**OUELH Irrevocable Undertaking**”) that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUELH will procure that OHI will have an interest in not less than the number of the OHI Initial Units credited to securities accounts with CDP which are held in the name of OHI (each with registered addresses with CDP in Singapore);
- (ii) in accordance with the terms and conditions of the Rights Issue, OUELH will procure OHI to, by the Closing Date, accept, subscribe and pay in full for, its total provisional allotment of the Rights Units (the “**OHI Allotted Rights Units**”, and together with the FRML Allotted Rights Units, the “**Allotted Rights Units**”); and

- (iii) OUELH will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the OUELH Irrevocable Undertaking.

The above obligations of OUELH are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

Commitment by OUE Limited

As at 24 December 2020, FRML and OHI, being subsidiaries of OUE, owned an aggregate interest in 159,167,216 Units (the “**OUE Initial Units**”), comprising approximately 19.72% of the Units.

To demonstrate its support for First REIT and the Rights Issue, OUE has, on 24 December 2020, provided an irrevocable undertaking to the Manager (the “**OUE Irrevocable Undertaking**”) that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of OUE Initial Units;
- (ii) in accordance with the terms and conditions of the Rights Issue, OUE will either:
 - (a) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units¹ to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking); or
 - (b) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of this undertaking; and
- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the OUE Irrevocable Undertaking.

The above obligations of OUE are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

(See **paragraph 9** of the Letter to Unitholders for further details.)

¹ “**Excess Rights Units**” means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements.

RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

The Manager proposes to seek approval from the Independent Unitholders for a waiver of their right to receive a mandatory offer from CDPL, in the event that it incurs an obligation to make a mandatory offer ("**Mandatory Offer**") pursuant to Rule 14 of the Takeover Code as a result of the issue of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking.

CDPL and its concert parties currently hold less than 30.0% of the voting rights in First REIT. Under Rule 14 of the Takeover Code, CDPL would be obliged to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties if it acquires whether by a series of transactions over a period of time or not, 30.0% or more of the total issued Units.

Subscription by and issuance to FRML and OHI of their respective allotted Rights Units pursuant to the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking shall not affect the aggregate interest (including deemed interest) of CDPL and its concert parties in Units since FRML and OHI are subscribing to their *pro rata* entitlements under the Rights Issue.

However, the issue of Rights Units to CDPL under the OUE Irrevocable Undertaking may result in the aggregate interest of CDPL and its concert parties in Units reaching the threshold of 30.0% or more of the total issued Units, and thereby trigger the requirement under Rule 14 of the Takeover Code for CDPL to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties.

Unless waived by the Securities Industry Council ("**SIC**"), pursuant to Rule 14 of the Takeover Code, CDPL would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, *inter alia*, the Proposed Whitewash Resolution being approved by Independent Unitholders at an EGM.

Unitholders should note that by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a general offer from CDPL at the highest price paid by CDPL and its concert parties for Units in the six months preceding the commencement of the Rights Issue.

Unitholders should further note that the issue of the Rights Units to CDPL could result in the aggregated unitholding of CDPL and its concert parties exceeding 49% of the voting rights of First REIT, and accordingly, CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 of the Takeover Code to make a general offer.

(See **paragraph 10** of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

Any changes to the timetable below will be announced.

Event	Date and Time
Last date and time for pre-registration for EGM	: 2:30 p.m. (Singapore time) on Saturday, 16 January 2021
Last date and time for lodgement of Proxy Forms	: 2:30 p.m. (Singapore time) on Saturday, 16 January 2021
Date and time of EGM convened and held by way of electronic means	: 2:30 p.m. (Singapore time) on Tuesday, 19 January 2021



FIRST REAL ESTATE INVESTMENT TRUST
(Constituted in the Republic of Singapore
pursuant to a trust deed dated 19 October 2006 (as amended))

Directors of the Manager

Mr Christopher James Williams (Chairman and
Non-Independent Non-Executive Director)
Mr Tan Kok Mian Victor (Executive Director and
Chief Executive Officer)
Mr Chan Pengee Adrian (Lead Independent Director)
Mr Ferris Charles Bye (Independent Director)
Mr Tan Chuan Lye (Independent Director)
Mr Martin Lechner (Independent Director)
Ms Minny Riady (Non-Independent Non-Executive Director)

Registered Office

333 Orchard Road
#33-02
Singapore 238867

28 December 2020

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is seeking the approval of Unitholders by way of Ordinary Resolutions at the EGM for the following resolutions:

- (i) **Resolution 1:** the Proposed LPKR MLA Restructuring; and
- (ii) **Resolution 2:** the Proposed Whitewash Resolution.

Unitholders should note that Resolution 1 and Resolution 2 are not inter-conditional upon each other. The Manager will not launch the Rights Issue unless Resolution 1 is passed. In the event that Resolution 2 is not passed, the Manager will not launch the Rights Issue unless it is able to arrange for the Rights Issue to be underwritten. It should be noted that the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking are conditional upon the passing of Resolution 1 and Resolution 2. Further details of the Rights Issue are set out at paragraph 9 of this Letter to Unitholders.

2. OVERVIEW OF THE EXISTING ARRANGEMENTS UNDER THE LPKR MLAS

Under the LPKR MLAs, the master lessors are wholly-owned subsidiaries of First REIT and the master lessees are LPKR or (in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta) LPKR and subsidiaries of Siloam.

LPKR is a property company listed on the Indonesia Stock Exchange, which had sold all of the LPKR Hospitals (save for Mochtar Riady Comprehensive Cancer Centre, which was acquired by First REIT from an unrelated third party) to First REIT between 2006 and 2017. Additionally, LPKR owns 55.4% of Siloam, which is a separately listed company on the Indonesia Stock Exchange and the operator of each of the LPKR Hospitals.

The following table sets out the LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, the relevant master lessee(s) of the LPKR Hospitals and the relevant master lessor of the LPKR Hospitals.

No.	Property Name	Master Lessee(s)	Master Lessor
1.	Siloam Hospitals Surabaya	LPKR	PT. Tata Prima Indah
2.	Siloam Hospitals Kebon Jeruk	LPKR	PT. Graha Indah Pratama
3.	Siloam Hospitals Lippo Village	LPKR	PT. Sentra Dinamika Perkasa
4.	Mochtar Riady Comprehensive Cancer Centre	LPKR	PT. Primatama Cemerlang
5.	Siloam Hospitals Makassar	LPKR	PT. Bayutama Sukses
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	LPKR	PT. Menara Abadi Megah
7.	Siloam Hospitals TB Simatupang	LPKR	PT. Perisai Dunia Sejahtera
8.	Siloam Hospitals Bali	LPKR	PT. Dasa Graha Jaya
9.	Siloam Hospitals Labuan Bajo	LPKR and a wholly-owned subsidiary of Siloam	PT. Prima Labuan Bajo
10.	Siloam Hospitals Buton	LPKR and a wholly-owned subsidiary of Siloam	PT. Buton Bangun Cipta
11.	Siloam Hospitals Yogyakarta	LPKR and a wholly-owned subsidiary of Siloam	PT. Yogya Central Terpadu

3. APPROACH BY PT. LIPPO KARAWACI TBK

- 3.1** All of the properties in First REIT at the time of its IPO in December 2006 were leased to LPKR under MLAs. These properties include Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci). The IPO MLAs have an initial term of 15 years, subject to an option given to LPKR to renew the MLAs for another 15 years. The initial term of the IPO MLAs will expire in December 2021. The Manager has been engaging with LPKR on the renewal of the IPO MLAs since 2019.
- 3.2** On 1 June 2020, LPKR unilaterally announced its intention to restructure all of the LPKR MLAs. In response to this press release, the Manager issued an announcement on the same day stating that it had not been approached by LPKR in respect of the matters mentioned in the press release.
- 3.3** On 31 August 2020, the Manager announced that it was anticipating to receive a proposal regarding the rental restructuring from LPKR. On 20 September 2020, the Manager announced that it had received a non-binding rental restructuring proposal from LPKR in respect of the LPKR MLAs and that the Board had set up the Independent Committee comprising all the Independent Directors, namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner to carefully consider and evaluate

the non-binding proposal. On 30 September 2020, the Manager announced that it had appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to the Manager in connection with the restructuring discussions. The Independent Committee has been engaging with LPKR to understand the context of LPKR's request and negotiate the terms of a restructuring.

4. RESOLUTION 1: THE PROPOSED LPKR MLA RESTRUCTURING

4.1 Memorandum of Understanding with LPKR

On 28 November 2020, the Trustee entered into the LPKR MOU in respect of, among other things, the Proposed LPKR MLA Restructuring, which is conditional upon, among other things, the approval of the independent Unitholders.

4.2 Key Terms of the Restructured LPKR MLAs

It is proposed that the Proposed LPKR MLA Restructuring be effected by the entry into supplemental MLAs between the relevant master lessors and the relevant master lessees, which will amend and restate the existing LPKR MLAs based on the key terms which are set out below.

4.2.1 Term of the Restructured LPKR MLAs

The following table sets out the LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, their acquisition year, the expiry year of the initial term of the relevant MLAs as well as the master lessee(s) of the LPKR Hospitals. Any extension of the initial term of the MLAs requires LPKR's agreement.

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee(s)
1.	Siloam Hospitals Surabaya	2006 (Year of IPO)	2021	LPKR
2.	Siloam Hospitals Kebon Jeruk	2006	2021	LPKR
3.	Siloam Hospitals Lippo Village	2006	2021	LPKR
4.	Mochtar Riady Comprehensive Cancer Centre	2010	2025	LPKR
5.	Siloam Hospitals Makassar	2012	2027	LPKR
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	2012	2027	LPKR
7.	Siloam Hospitals TB Simatupang	2013	2028	LPKR
8.	Siloam Hospitals Bali	2013	2028	LPKR

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee(s)
9.	Siloam Hospitals Labuan Bajo	2016	2031	LPKR and a wholly-owned subsidiary of Siloam
10.	Siloam Hospitals Buton	2017	2032	LPKR and a wholly-owned subsidiary of Siloam
11.	Siloam Hospitals Yogyakarta	2017	2032	LPKR and a wholly-owned subsidiary of Siloam

Under the Proposed LPKR MLA Restructuring, the 15-year term of the restructured LPKR MLAs will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees. The lease for the further term shall be on terms and conditions (including the rent payable for the further term) to be mutually agreed between the parties. The leases of hospitals with redevelopment potential, such as Siloam Hospitals Surabaya, may be terminated at any time by mutual written consent of the parties, subject to the feasibility and due diligence of any proposed redevelopment plan, which must be yield accretive and meet First REIT's investment objectives. At this stage, only Siloam Hospitals Surabaya has been identified by the Manager as having such redevelopment potential.

4.2.2 Revised Rental Formula

The current rental formula under each of the existing LPKR MLAs provides for rental to be calculated based on the sum of a base rent component and a variable rent component.

Base Rent under the Existing LPKR MLAs

The current base rent under each of the existing LPKR MLAs are set out in **Appendix A** of this Circular. Under the existing LPKR MLAs, the amount of base rent payable is adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

The base rent component is subject to increase based on the following formula:

No.	Property Name	Base Rent Escalation Formula under Existing LPKR MLAs
1.	Siloam Hospitals Surabaya	Increase on each anniversary date from (and including) the <u>first</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
2.	Siloam Hospitals Kebon Jeruk	
3.	Siloam Hospitals Lippo Village	
4.	Mochtar Riady Comprehensive Cancer Centre	
5.	Siloam Hospitals Makassar	Increase on each anniversary date from (and including) the <u>third</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	
7.	Siloam Hospitals TB Simatupang	
8.	Siloam Hospitals Bali	
9.	Siloam Hospitals Labuan Bajo	Increase on each anniversary date from (and including) the <u>fifth</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%. In addition, for each five-year period of the lease term commencing from (and including) the fifth anniversary date of the commencement date under the MLA (i.e. from the 6th year to the 10th year and from the 11th year to the 15th year), the increase shall be subject to a further overall cap of 5.0% for each such five-year period.
10.	Siloam Hospitals Buton	
11.	Siloam Hospitals Yogyakarta	

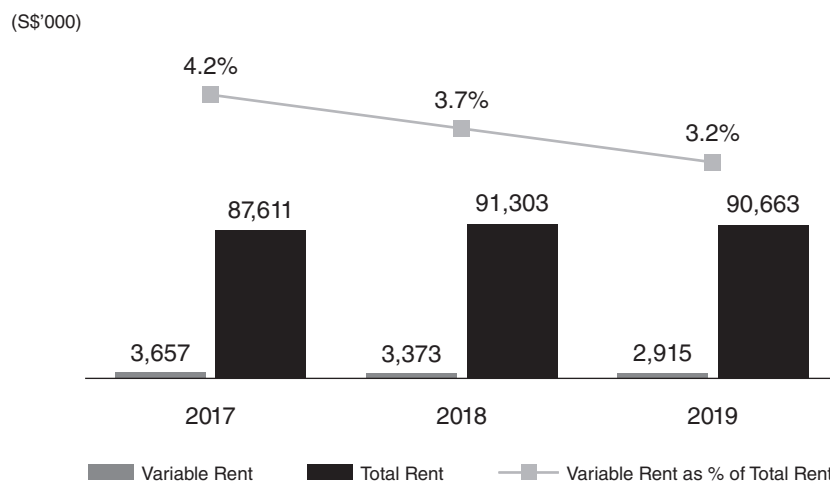
Variable Rent under the Existing LPKR MLAs

As for the variable rent under the existing LPKR MLAs, generally this is payable only if the GOR of the relevant LPKR Hospital grows by at least 5% compared to the preceding year at the rate of:

- (a) (in the case of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Mochtar Riady Comprehensive Cancer Centre) 0.75% of the GOR of the relevant year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%; or

- (b) (in the case of the other LPKR Hospitals) 0.75% of the increase in GOR for the relevant year compared to the preceding year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%.

Historical Variable and Total Rent from LPKR MLAs



Over the past three years, the existing variable rent structure has contributed not more than 4.2% to the total rent received for each year under the LPKR MLAs.

See **Appendix B** of this Circular for a more detailed description of the variable rent formulae under the existing LPKR MLAs.

Rental under the Restructured LPKR MLAs

Under the restructured LPKR MLAs, the Commencement Base Rent was determined on a portfolio basis with the asset-by-asset details set out in **Appendix A** of this Circular. The Commencement Base Rent was determined having taken into account factors such as the free cash flow and the rent over EBITDAR ratio of the LPKR Hospitals, which C&W had observed to be in the range of 40% to 45% for other healthcare REITs in the Association of Southeast Asian Nations and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust.

The rental amounts payable under the restructured LPKR MLAs shall be denominated in Indonesian Rupiah and shall be payable quarterly. The rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Rental for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) will be the pro-rated Indonesian Rupiah denominated Commencement Base Rents as set out in **Appendix A** of this Circular. There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. The increase in the rent payable is structured to be a minimum of 4.5% per annum calculated using the Commencement Base Rent.

For the second period of the lease under the restructured LPKR MLAs which will commence on 1 October 2021 and end on 30 September 2022, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Commencement Base Rent $\times (1 + S)$ = Second Lease Year Base Rent, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For the third period of the lease under the restructured LPKR MLAs which will commence on 1 October 2022 to 30 September 2023, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Second Lease Year Base Rent $\times (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For subsequent lease years under the restructured LPKR MLAs, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year’s Base Rent $\times (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

The aggregate rent for the final lease period ending on (and including) 31 December 2035, being the day immediately preceding the 15th anniversary of the commencement date of the restructured LPKR MLAs, will be “A” multiplied by “B”, where:

A = the higher of the following:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year’s Base Rent $\times (1 + S)$, where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

B = number of days in such final lease period/365 days.

4.2.3 Security Deposit

Under the terms of the existing LPKR MLAs, the relevant master lessees are required to pay to and maintain with the relevant master lessors, for the duration of each year, a security deposit equivalent to six months of the monthly rent payable by the relevant master lessees in accordance with the terms of the respective existing LPKR MLAs for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). The full amount of the security deposits which the relevant master lessees are required to pay to and maintain with the relevant master lessors under the terms of the existing LPKR MLAs have been provided.

As for the security deposits payable under the restructured LPKR MLAs, the security deposit payable by the relevant master lessees to the relevant master lessors shall be, for each year in the term under the restructured LPKR MLAs, eight months of the total monthly rent payable for each such year, which shall be furnished by the relevant master lessee to the relevant master lessor:

- (a) in the case of the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive), on or before 1 January 2021; and
- (b) in the case of each subsequent year of the restructured LPKR MLAs, no later than the date falling 30 days before the commencement date of each relevant subsequent year.

The security deposits payable under both the existing LPKR MLAs and the restructured LPKR MLAs may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). Under both the existing LPKR MLAs and the restructured LPKR MLAs, the relevant master lessees shall deliver to the relevant master lessors the relevant bank guarantees no later than 60 days before the commencement date of each year (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, (a) for the relevant first lease period, on or before the commencement date of the relevant first lease period and (b) for each subsequent year, no later than the date falling 30 days before the commencement date of each relevant subsequent year in order to ensure that as at the date falling 30 days before the commencement date of each year, the relevant master lessors have in hand the relevant bank guarantees) and shall be issued by a commercial bank holding a full banking licence, which must be reasonably acceptable to the relevant master lessors. The current providers of the bank guarantees are PT Bank CIMB Niaga Tbk and PT. Bank BNP Paribas Indonesia, which are reputable banks.

Bank guarantees, by their nature, are enforceable and are provided in the standard form of the respective banks. Banks who do not honour guarantees are subject to litigation, loss of reputation and collapse in credit quality. It is unlikely that a bank will not honour its own guarantee. If the Manager is in any doubt in respect of a bank guarantee, the Manager for the purpose of properly discharging its duties is obliged to obtain the necessary professional advice, including legal opinion if necessary, as to whether there would be difficulties for First REIT in enforcing the bank guarantees, if called upon by First REIT.

The terms of reference of the Audit and Risk Committee will include the following:

- (a) an assessment on when the bank guarantees would be enforced;
- (b) approval of any change in the financial institution issuing the bank guarantees in accordance with the terms of the restructured LPKR MLAs; and
- (c) where there is an adverse change to the credit rating of the financial institution issuing the bank guarantee, the Audit and Risk Committee will consider whether the bank guarantee issued by the financial institution remains in good order and, if not, whether further engagement with the relevant master lessee would be appropriate to ensure the enforceability and effectiveness of the bank guarantee.

Under the restructured LPKR MLAs, the security deposit payable shall be eight months (being two months more compared to the six months under the existing LPKR MLAs) of the total monthly rent payable for each year in the term under the restructured LPKR MLAs. In addition, the rental amounts payable under the restructured LPKR MLAs shall be payable quarterly and the rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Assuming that the rent is prepaid on the 30th day from the date of the relevant rental invoice, this implies that LPKR effectively prepays 10 months of rental in advance to First REIT, which contrasts well against other healthcare REITs.

Having taken into account the above, the Independent Directors are of the view that the security deposit payable of eight months of the total monthly rent payable for each year in the term under the restructured LPKR MLA is acceptable in the circumstances.

4.2.4 Default by the Master Lessees

Under the existing LPKR MLAs, a master lessee will be in default under the relevant existing LPKR MLA if, during the relevant term:

- (i) the master lessee fails to pay the rent or any other sum payable under the relevant existing LPKR MLA within 10 business days after the relevant due date (whether or not formally demanded); or
- (ii) the master lessee commits any material breach of its obligations under the relevant existing LPKR MLA and (where the breach is capable of remedy) fails to take the necessary action to make good the default within 30 days after the relevant master lessor has given to the master lessee notice to do so; or
- (iii) any distress or execution is levied on the master lessee's property and is not discharged within 14 days; or
- (iv) an event of insolvency (as defined below) occur(s) in relation to the master lessee.

In any of the above events, the relevant master lessor may re-enter and take possession of the relevant LPKR Hospital (or any part thereof) at any time (even if any previous right of re-entry has been waived) and immediately on such re-entry, the relevant existing LPKR MLA will end. Further, in the case of each of Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, the relevant master lessor and the relevant master lessee have agreed to comply with Article 1266 of the Indonesian Civil Code, to the extent that a court order is required for termination of the respective existing LPKR MLAs.

The phrase “**an event of insolvency**” in relation to the master lessee includes:

- (a) inability of the master lessee to pay its debts as and when they fall due;
- (b) presentation of a winding up petition (except for the purpose of amalgamation or reconstruction when solvent) for the winding up of the master lessee;
- (c) issuance of a notice of meeting of members or shareholders for the passing of a resolution for winding up (except for the purpose of amalgamation or reconstruction when solvent) of the master lessee;
- (d) presentation of a petition for the judicial management of the master lessee;
- (e) making of a proposal by the master lessee to its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; and
- (f) the appointment of a receiver, receiver and manager, or provisional liquidator in respect of the master lessee or any of the property or assets of the master lessee.

In addition:

- (I) (in the case of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Lippo Village) a default by the master lessee and/or the master lessor under the applicable lease of any of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club shall be deemed to be a default by the master lessee and/or master lessor respectively under each of the leases of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club;
- (II) (in the case of Mochtar Riady Comprehensive Cancer Centre) a default by the master lessee and/or the master lessor under the lease of Siloam Hospitals Lippo Cikarang shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Mochtar Riady Comprehensive Cancer Centre;
- (III) (in the case of the Manado Property and Siloam Hospitals Makassar) a default by the master lessee and/or the master lessor under the lease of the Manado Property shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Siloam Hospitals Makassar and *vice versa*; and
- (IV) (in the case of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang) a default by the master lessee and/or the master lessor under the lease of Siloam Hospitals Bali shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Siloam Hospitals TB Simatupang and *vice versa*.

There will be no change to the above terms regarding default by the master lessees under the restructured LPKR MLAs.

4.2.5 Governing Law and Dispute Resolution

The governing law of the restructured LPKR MLAs shall be Singapore law with arbitration administered by the Singapore International Arbitration Centre (“**SIAC**”) in accordance with the Arbitration Rules of the SIAC for the time-being in force.

4.2.6 Fulfilment of Obligations by Master Lessees

Under the LPKR MLAs, the master lessors are wholly-owned subsidiaries of First REIT and the master lessees are LPKR or (in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta) LPKR and subsidiaries of Siloam.

LPKR is a property company listed on the Indonesia Stock Exchange, with a market capitalisation of Rp.17.58 trillion¹ (approximately S\$1.62 billion²) as at 15 December 2020, and Siloam is a separately listed company on the Indonesia Stock Exchange, with a market capitalisation of Rp.9.43 trillion³ (approximately S\$870.68 million⁴) as at 15 December 2020.

Under the restructured LPKR MLAs, the security deposit payable shall be eight months (being two months more compared to the six months under the existing LPKR MLAs) of the total monthly rent payable for each year in the term under the restructured LPKR MLA.

In addition, the rental amounts payable under the restructured LPKR MLAs shall be payable quarterly and the rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Assuming that the rent is prepaid on the 30th day from the date of the relevant rental invoice, this implies that LPKR effectively prepays 10 months of rental in advance to First REIT, which contrasts well against other healthcare REITs.

Based on the above and having taken into account the terms of the restructured LPKR MLAs, the Independent Directors are of the view that the Proposed LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure, which will help the master lessees to fulfil their obligations to First REIT in a timely manner.

1 Source: Bloomberg.

2 Based on an illustrative exchange rate of S\$1 = Rp.10,830.

3 Source: Bloomberg.

4 Based on an illustrative exchange rate of S\$1 = Rp.10,830.

4.3 Certain Terms and Conditions of the LPKR MOU in Relation to the Proposed LPKR MLA Restructuring

4.3.1 Pursuant to the LPKR MOU, the Trustee undertakes to procure that the relevant master lessors enter into the supplemental MLAs and LPKR undertakes to procure that the relevant master lessees enter into the supplemental MLAs (except in respect of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, Siloam and its subsidiaries, which the Trustee and LPKR acknowledge are part of a listed group of companies separate from LPKR that are required to make their own determination, and in relation to which LPKR undertakes to use reasonable commercial endeavours to so procure), subject to the satisfaction of the following conditions precedent:

- (i) First REIT's independent financial adviser providing an opinion satisfactory to the Independent Committee and the Audit and Risk Committee¹, the Trustee and the SGX-ST, that the Proposed LPKR MLA Restructuring is on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders;
- (ii) the opinion of the Independent Committee and the Audit and Risk Committee that the Proposed LPKR MLA Restructuring is on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders;
- (iii) the clearance by the SGX-ST of this First REIT circular for issuance to Unitholders seeking approval for the Proposed LPKR MLA Restructuring;
- (iv) the approval by the lenders of First REIT of the Proposed LPKR MLA Restructuring under the following loans: (a) the 2018 Secured Loan Facilities, and (b) a syndicated loan facility of up to S\$100 million, which is due in May 2022 (the **"2019 Secured Loan"**);
- (v) the approval by Unitholders for the Proposed LPKR MLA Restructuring at an extraordinary general meeting of First REIT to be convened;
- (vi) LPKR providing an irrevocable undertaking to First REIT that LPKR will, with the prior written approval of the relevant master lessor and subject to any restrictions imposed by applicable laws and regulations, take such steps as may be necessary to terminate all existing sub-lease obligations with the relevant subsidiaries of Siloam in respect of the relevant LPKR Hospitals if LPKR is in default of its payment obligations under the relevant supplemental MLAs in respect of such relevant LPKR Hospitals and such default has not been remedied or waived within 30 days of receipt of notice of such default from First REIT;
- (vii) LPKR providing each of the master lessors with legally binding documentation, on such terms as are reasonably acceptable to LPKR and each of the master lessors, assigning to the relevant master lessor all of the rental and other payments from the relevant sub-lessee(s) under the relevant sub-lease agreement(s) entered into between LPKR and the relevant sub-lessee(s) for the relevant LPKR Hospital in the event that LPKR is in default of any of its payment obligations under the MLA for the relevant LPKR Hospital and such default has not been remedied or waived within 30 days of receipt of notice of such default from First REIT;

¹ The Audit and Risk Committee comprises of the same members as the Independent Committee, namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner.

- (viii) the receipt by First REIT of any approval by the SGX-ST and the MAS as may be necessary for the Proposed LPKR MLA Restructuring, including all matters contemplated by, incidental to or necessary to give full effect to the Proposed LPKR MLA Restructuring, provided that where such approvals are subject to conditions relating to LPKR and/or Siloam and the relevant subsidiaries of Siloam, such conditions are satisfactory to the Trustee and LPKR; and
- (ix) such other relevant corporate, governmental and regulatory approvals that may be required to be obtained by First REIT, being obtained for all matters contemplated by, incidental to or necessary to give full effect to the Proposed LPKR MLA Restructuring.

4.3.2 In addition, the LPKR MOU sets out the following principal terms in relation to the Proposed LPKR MLA Restructuring:

- (i) in the event that LPKR is unable to procure that the relevant subsidiaries of Siloam enter into the supplemental MLAs in respect of any or all of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta within five business days (being any day from Monday to Friday (each inclusive) and excluding public holidays in both Singapore and Indonesia) of the satisfaction of all the conditions precedent set out in **paragraph 4.3.1** of this Letter to Unitholders (or such other period as may be agreed between the Trustee and LPKR), the Trustee and LPKR agree that in respect of each of the LPKR Hospitals:
 - (a) (during the term of the relevant existing LPKR MLA until its termination or expiry or the entry into of the relevant supplemental MLA)
 - (I) LPKR shall make payment to the relevant master lessor of the aggregate rental amount to be paid by LPKR and the relevant subsidiary of Siloam in the same manner and at the same time as if the relevant supplemental MLA has been entered into in accordance with the LPKR MOU, less the rental amount received by the relevant master lessor from the relevant subsidiary of Siloam under the existing LPKR MLA; and
 - (II) the other rights and obligations of the relevant master lessor in relation to LPKR, and the other rights and obligations of LPKR in relation to the relevant master lessor, in connection with the relevant LPKR Hospital shall be governed by the relevant supplemental MLA, as if the relevant supplemental MLA has been entered into in accordance with the LPKR MOU, to the extent permissible under applicable law and regulations;
 - (b) (within four months from the expiry of the period referred to in paragraph 4.3.2(i) above or within such other time as the Trustee and LPKR may agree) LPKR shall enter into the relevant supplemental MLA in respect of the relevant LPKR Hospital, for the term commencing immediately upon the expiry of the relevant existing LPKR MLA and up to and including 31 December 2035 and irrevocably undertake that the existing LPKR MLA shall not be renewed; and
- (ii) the Trustee and LPKR agree to use best endeavours, acting reasonably and in good faith, to discuss and facilitate the establishment of arrangements for the direct payment of rental amounts by the relevant subsidiaries of Siloam to the relevant master lessors for each of the LPKR Hospitals where the relevant subsidiaries of Siloam are not making direct payment of rental amounts to the relevant master lessor.

4.4 Written Undertaking from LPKR

The Manager has received a written undertaking from LPKR that:

- (i) LPKR will immediately inform the Manager of any matter (including any deterioration in LPKR's creditworthiness) that has a material and adverse impact on its ability to fulfil its obligations to make payments under the restructured LPKR MLAs; and
- (ii) LPKR will not unilaterally novate or assign the restructured LPKR MLAs to other parties (other than to a subsidiary of LPKR in accordance with the terms of the restructured LPKR MLAs), and will inform the Manager of any changes to the lease arrangements set out in the restructured LPKR MLAs (including any novation or assignment of the restructured LPKR MLAs in accordance with the terms of the restructured LPKR MLAs).

4.5 Consequential Amendments to the Existing MLA in Respect of Hotel Aryaduta Manado

Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased by LPKR as a whole. The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 and there is no separate MLA for Hotel Aryaduta Manado.

As the intention is to restructure the lease terms of Siloam Hospitals Manado, but not to restructure the lease terms of Hotel Aryaduta Manado, the lease terms of Siloam Hospitals Manado need to be isolated from the lease terms of Hotel Aryaduta Manado.

It is therefore proposed that the relevant master lessor and the relevant master lessee enter into a separate supplemental MLA for Hotel Aryaduta Manado which will take effect from 1 January 2021, to effect amendments to the lease terms in respect of Hotel Aryaduta Manado which are intended to be consequential only, for the purpose of separating the lease terms of Hotel Aryaduta Manado from the lease terms of Siloam Hospitals Manado.

4.5.1 Term of Supplemental MLA in Respect of Hotel Aryaduta Manado

The term of the existing Manado Property MLA is 15 years commencing on (and including) 30 November 2012, with an option for a further 15-year renewal term. As the supplemental MLA in respect of Hotel Aryaduta Manado will not amend the term provided for under the existing Manado Property MLA, following the effective date of the supplemental MLA in respect of Hotel Aryaduta Manado, the term will remain as 15 years commencing on (and including) 30 November 2012, with an option for a further 15-year renewal term.

4.5.2 Rental Formula

The current rental formula under the existing Manado Property MLA provides for rental to be calculated based on the sum of a base rent component and a variable rent component.

Base Rent under the Existing Manado Property MLA

Under the existing Manado Property MLA, the base rent component is subject to increase on each anniversary date from (and including) the third anniversary date of the commencement date under the existing Manado Property MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.

The current base rent payable in respect of Siloam Hospitals Manado and Hotel Aryaduta Manado under the existing Manado Property MLA, which shall be paid by the master lessee in Singapore Dollars, is set out in **Appendix A** of this Circular.

Variable Rent under the Existing Manado Property MLA

A summary of the variable rent formula under the existing Manado Property MLA is set out in **Appendix B** of this Circular. The variable rent shall be paid by the master lessee in Singapore Dollars. Where the relevant figures are computed in Indonesian Rupiah for the purpose of calculating the variable rent, the conversion rate of S\$1 = Rp.7,000, which shall be fixed for the entire term, shall be used.

Rental under the Supplemental MLA in respect of Hotel Aryaduta Manado

The total monthly rent payable for the term shall comprise (a) a base rent equivalent to S\$3,307,000 and (b) a variable rent, which are payable quarterly. The base rent and the variable rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice.

Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased as a whole under the existing Manado Property. In its current form, there is no rental differentiation between Siloam Hospitals Manado and Hotel Aryaduta Manado. The annual base rent of S\$3,307,000 or a rental rate of approximately S\$1.09 per square foot per month (“psf pm”) attributable to Hotel Aryaduta Manado is broadly in line with market rent¹.

The total monthly rent shall be paid by the master lessee in Indonesian Rupiah.

Under the supplemental MLA in respect of Hotel Aryaduta Manado, the amount of total monthly rent payable shall be adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

In the event the master lessor does not receive the quarterly rent by the relevant quarterly rent payment date, the master lessee shall bear any hedging and other costs of the master lessor, reasonably incurred, in order to ensure that such rent when received by the master lessor in Indonesian Rupiah is not less than the amount that the master lessor would have received in Singapore Dollars had the rent been received by the master lessor on the relevant quarterly rent payment date.

As is the case under the existing Manado Property MLA, the base rent component shall be subject to increase every year at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.

¹ The Independent Valuers have confirmed that the rental rate of S\$1.09 psf pm is broadly in line with market rent, having considered several other hospitality properties such as hotels, serviced residences and apartments within Indonesia.

As for the variable rent component, variable rent under the supplemental MLA in respect of Hotel Aryaduta Manado will be based on the audited GOR growth of Hotel Aryaduta Manado, to be computed as follows:

$A \times B$

Where:

Variable rent factor ("A") is computed as follows:

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 5% but less than 15%, A is 0.75%.

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 15% but less than 30%, A is 1.25%.

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 30%, A is 2.00%; and

"B" is the surplus of GOR of the preceding financial year of the Hotel Aryaduta Manado over the GOR of the further preceding financial year of Hotel Aryaduta Manado.

For avoidance of doubt, when the GOR of the preceding financial year of Hotel Aryaduta Manado does not exceed the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 5%, no variable rent is payable.

These terms are similar to that of the existing Manado Property MLA except that they shall apply starting from the first anniversary date of the commencement date instead of the third anniversary date.

4.5.3 Security Deposit

Under the terms of the existing Manado Property MLA, the master lessee is required to pay to and maintain with the master lessor, for the duration of each year, a security deposit equivalent to six months of the monthly rent payable by the master lessee in accordance with the terms of the Manado Property MLA for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees.

As for the security deposits payable under the supplemental MLA for Hotel Aryaduta Manado, the security deposit payable by the master lessee to the master lessor shall be, for each year in the lease term, six months of the total monthly rent payable for each such year, which shall be furnished by the master lessee to the master lessor by way of an irrevocable bank guarantee in respect of each security deposit, issued by a commercial bank holding a full banking licence which must be reasonably acceptable to the master lessor no later than 60 days before the commencement date of each year.

4.5.4 Default by the Master Lessee

Under the existing Manado Property MLA, the master lessee will be in default if, during the term of the existing Manado Property MLA:

- (i) the master lessee fails to pay the rent or any other sum payable under the existing Manado Property MLA within 10 business days after the relevant due date (whether or not formally demanded); or
- (ii) the master lessee commits any material breach of its obligations under the existing Manado Property MLA and (where the breach is capable of remedy) fails to take the necessary action to make good the default within 30 days after the master lessor has given to the master lessee notice to do so; or
- (iii) any distress or execution is levied on the master lessee's property and is not discharged within 14 days; or
- (iv) an event of insolvency (as defined below) occur(s) in relation to the master lessee.

In any of the above events, the master lessor may re-enter and take possession of the Manado Property (or any part thereof) at any time (even if any previous right of re-entry has been waived) and immediately on such re-entry, the existing Manado Property MLA will end.

The phrase “**an event of insolvency**” in relation to the master lessee includes:

- (a) inability of the master lessee to pay its debts as and when they fall due;
- (b) presentation of a winding up petition (except for the purpose of amalgamation or reconstruction when solvent) for the winding up of the master lessee;
- (c) issuance of a notice of meeting of members or shareholders for the passing of a resolution for winding up (except for the purpose of amalgamation or reconstruction when solvent) of the master lessee;
- (d) presentation of a petition for the judicial management of the master lessee;
- (e) making of a proposal by the master lessee to its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; and
- (f) the appointment of a receiver, receiver and manager, or provisional liquidator in respect of the master lessee or any of the property or assets of the master lessee.

In addition, a default by the master lessee and/or the master lessor under the lease of Siloam Hospitals Makassar shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of the Manado Property and *vice versa*.

There will be no change to the above terms regarding default by the master lessees under the supplemental MLA for Hotel Aryaduta Manado.

4.5.5 Governing Law and Dispute Resolution

The governing law of the supplemental MLA for Hotel Aryaduta Manado shall be Singapore law with arbitration administered by the SIAC in accordance with the Arbitration Rules of the SIAC for the time-being in force.

5. BACKGROUND AND CONTEXT OF THE PROPOSED LPKR MLA RESTRUCTURING

5.1 LPKR's Financial Position

The Manager understands that LPKR is facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses. For illustration, LPKR has been generating negative operating cash flows since 2015 with an aggregate negative cash flow of approximately Rp.15.7 trillion (approximately S\$1.5 billion¹). The situation is exacerbated by the depreciation of the Indonesian Rupiah against the Singapore Dollar by approximately 44.8% since the IPO of First REIT² which adds further pressure on LPKR as rent payments under the existing LPKR MLAs have to be made in Singapore Dollars.

Given the liquidity pressure, LPKR embarked on a turnaround and restructuring exercise and raised approximately US\$788 million through a rights issue in July 2019. The Manager understands that as of 30 June 2020, LPKR has utilised the proceeds for the purpose of (i) debt repayment, (ii) completing the construction of various projects that had been significantly delayed, including Meikarta Project and (iii) funding recurring expenses and liquidity requirements (which includes interest payments, head office expenses, rental payments and working capital requirements). As a result of these outgoings and LPKR's inability to divest assets and generate sufficient sales from its development projects, LPKR continues to face severe liquidity challenges in the future given its significant recurring expenses and weak operating cash flows from its other businesses.

LPKR's dire liquidity position is confirmed by three rating agencies in their most recent reports and credit ratings:

Credit Rating	December 2019	September 2020
S&P Global Ratings ("S&P")	B-with stable outlook	B-with negative outlook
Moody's Investors Service ("Moody's")	B3 with stable outlook	B3 with stable outlook
Fitch Ratings Singapore Pte. Ltd. ("Fitch")	B-with stable outlook	B-with negative outlook

- (i) Fitch, in its non-rating action commentary dated 3 September 2020³, stated: "*PT Lippo Karawaci TBK's (Lippo, B-/Negative) operating cash flow at the holding company will not be able to cover its operating costs in the next 12-18 months, without any asset sales, highlighting the challenges faced by the Indonesia-based homebuilder as the economic downturn crimps property demand... The Negative Outlook reflects the challenges that Lippo will face in reviving pre-sales at the holding-company level...*";

1 Computed based on the mid-market Singapore Dollar to Indonesian Rupiah exchange rate at the end of the respective financial year.

2 From 4 December 2006 to 30 October 2020. Source: Bloomberg. Bloomberg has not provided its consent to the inclusion of the information extracted from its report in this Circular and Bloomberg is not responsible for the information extracted from its report in this Circular.

3 Source: Fitch's non-rating action commentary titled "Lippo Karawaci's Pre-Sales Growth, Not Asset Sales, Key for Rating" published on 3 September 2020 which is available on the website of Fitch at <https://www.fitchratings.com/> (last accessed on 23 December 2020). Fitch has not provided its consent to the inclusion of the information extracted from its report in this Circular and Fitch is not responsible for the information extracted from its report in this Circular.

- (ii) Moody's, in its credit opinion dated 4 September 2020¹, stated: *"The B3 corporate family rating of Lippo Karawaci Tbk (P.T.) reflects the company's reliance on asset sales and external funding, which stems from insufficient operating cash flow from its core property development business to meet interest and rental payments at the holding company level. We expect liquidity at the holding company level to remain adequate until H1 2021, but proceeds from asset sales are required to supplement cash needs thereafter."*; and
- (iii) S&P, in its report dated 24 September 2020², stated the following:
 - (a) *"In our view, Lippo is unlikely to generate meaningful net positive cash flow from property sales over the next six to 12 months. This is despite [the fact that] we forecast [an] improvement in marketing sales at the [holding company] level in 2021. According to our estimates, Lippo needs to achieve at least IDR3.0 trillion – IDR4.0 trillion in marketing sales annually at the [holding company] level to cover its cash burn of IDR2.1 trillion – IDR2.3 trillion (IDR1.3 trillion of interest servicing and hedging costs, and IDR800 billion – IDR1.0 trillion of rental expense). We believe this is very challenging given weak market demand."*;
 - (b) *"Lippo has been providing liquidity support at the holding company level with various one-off cash inflows. These include IDR350 billion from the sale of units in First REIT and IDR860 billion from unwinding hedging benefits during the first half of the year. In addition, the two-month rental relief provided by First REIT will reduce Lippo's cash outflow by about IDR200 billion in the second half of 2020. Lippo also drew down a short-term bank loan of IDR400 billion that is repayable in the first half of 2021"*;
 - (c) *"The sustainability of Lippo's cash flow and capital structure after the disposal of Puri Mall remains uncertain. In our view, Lippo is likely to continue to rely on lumpy asset monetization in 2021 to support cash flow at the holdco level. The sustainability of Lippo's capital structure also remains contingent on successful asset monetization in the next 12-18 months, which is subject to execution risk amid the COVID-19 pandemic. If the net proceeds from the Puri Mall transaction are closer to the lower end of our expectation, Lippo will face further pressure to monetize assets."*; and
 - (d) *"The negative outlook reflects the limited visibility we have on Lippo's cash flow sustainability beyond the potential Puri Mall sale, given large and recurring interest and rental charges. It also reflects cash flow uncertainty as net cash proceeds from the revised mall transaction are subject to the public subscription rate for LMIRT's rights issue and the subsequent collection of vendor financing receivable from LMIRT"*.

The Manager also understands that the impact of the Covid-19 pandemic on LPKR's business is substantial and has further weakened its operating performance in the medium term. Marketing sales have been significantly impacted and LPKR has found it challenging to sell the building inventory that it has constructed. This has forced LPKR to resort to selling low-cost housing which, although generating better volumes, comes with much lower margins. LPKR's non-development business has been impacted more severely. All of LPKR's malls were forced to close during the Covid-19 pandemic and even though the malls

1 Source: Moody's credit opinion titled "Lippo Karawaci Tbk (P.T.) – Update to credit analysis" published on 4 September 2020. Moody's has not provided its consent to the inclusion of the information extracted from its report in this Circular and Moody's is not responsible for the information extracted from its report in this Circular.

2 Source: S&P's report titled "Ratings Direct – PT Lippo Karawaci Tbk." published on 24 September 2020. S&P has not provided its consent to the inclusion of the information extracted from its report in this Circular and S&P is not responsible for the information extracted from its report in this Circular.

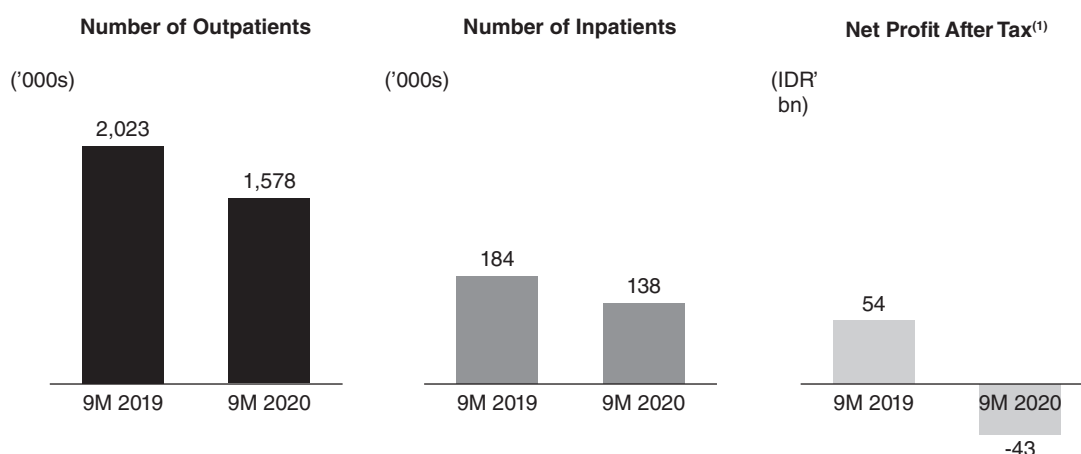
have re-opened in September and October 2020, traffic remains at approximately 40 to 50% of pre-Covid-19 levels, with customers spending significantly less time in malls during each visit. As late as November 2020, the number of new Covid-19 infections in Indonesia continued to rise each day. LPKR's hotels have also been adversely impacted by the Covid-19 pandemic, with revenues and EBITDA in 9M2020 down 52% and 115% respectively compared to the same period last year.

In the event of a further deterioration in the financial position of LPKR and LPKR defaults under the restructured LPKR MLAs, First REIT will have in place the relevant security deposits under the restructured LPKR MLAs, being eight months of the total monthly rent payable for each year.

5.2 Siloam's Operating Performance

The Covid-19 pandemic has also severely impacted Siloam, which is a separately listed subsidiary of LPKR. Both outpatient and inpatient volumes across Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, of which Siloam is a joint lessee, have plunged by approximately 22% and 25% respectively for 9M2020 as compared to the prior year, which has led to a 180% decline in the net profit of Siloam¹.

Siloam's Recent Declining Operating Performance



Note:

- (1) With reference to Siloam's 9M2020 interim financial statements and results presentation slides, the net profit after tax are based on the adoption of new accounting policy of PSAK 73 – Leases, whereby leases which were previously classified as operating leases based on PSAK 70 – Leases are now recognised as right-of-use assets and lease liabilities which the right-of-use assets are depreciated over the lease period.

Siloam's revenue and EBITDA² also decreased by 22% and 55% respectively for 2Q2020 when compared to the same quarter in 2019. Revenues were affected as footfall decreased across both inpatient and outpatient departments as patients avoided hospitals visits due to apprehension about contracting the Covid-19 disease. During this same time, while revenues decreased, staffing and material costs increased significantly as Siloam had to provide hardship allowances and cover the costs of personal protective equipment for its doctors, nurses and staff, adding approximately S\$13 million in costs in the first nine months of 2020. The performance of Siloam continues to deteriorate, with inpatient traffic down 39% year-on-year in 3Q2020.

1 Source: Siloam's press release titled "Siloam Hospitals Reports 9M2020 Revenues Decreased 4.1% to Rp5,001 billion as COVID-19 Continues to Impact Revenues and Earnings" published on 27 October 2020 which is available on the website of Siloam at <https://www.siloamhospitals.com/> (last accessed on 23 December 2020).

2 With reference to Siloam's interim financial statements for 1H2020 and results presentation slides, the EBITDA is based on the adoption of new accounting policy of PSAK 73 – Leases, whereby leases which were previously classified as operating leases based on PSAK 70 – Leases are now recognised as right-of-use assets and lease liabilities which the right-of-use assets are depreciated over the lease period.

The Manager further understands that the performance of the hospital sector in Indonesia is expected to remain challenged in 4Q2020 and in 2021 as infection and death rates arising as a result of the Covid-19 pandemic remain elevated. As at 13 November 2020, the daily rate of infection was at an all-time high of 5,444 new cases, with the national Covid-19 task force announcing 104 new deaths on the same day, bringing the tally to 15,036 fatalities in Indonesia, while 385,094 Covid-19 patients had recovered, leaving 57,604 active cases nationwide¹.

One of the reasons for the muted performance of Siloam could be attributable to reservation of segregated space at certain hospitals for the treatment of Covid-19 cases which have in-turn significantly limited the capacity of hospitals to treat non-Covid-19 cases. In the short term, Siloam and other hospital operators have experienced, and are likely to experience in varying degrees patients opting to defer elective medical procedures such as cosmetic surgeries, non-urgent cancer-related surgeries as well as sports-related and other non-essential surgeries such as knee-cap surgeries due to concerns about hospital visits and stays amid the Covid-19 pandemic².

In the event of a further deterioration in the financial performance of Siloam and its subsidiaries, First REIT will have in place the relevant security deposits under the restructured LPKR MLAs, being eight months of the total monthly rent payable for each year.

6. RATIONALE FOR THE PROPOSED LPKR MLA RESTRUCTURING

Having carried out extensive engagements with LPKR and giving due consideration to the matter, the Manager understands that without the Proposed LPKR MLA Restructuring, there is a real risk and high probability that LPKR would default under the existing LPKR MLAs. In that regard, the Manager is of the view that the Proposed LPKR MLA Restructuring should be carried out for the following reasons, which are elaborated in the sections that follow:

- (i) Avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs and resulting termination of the existing LPKR MLAs;
- (ii) Avoids the time, costs and complications of enforcing legal rights in Indonesia;
- (iii) Provides clarity on asset valuations and cash flows;
- (iv) Facilitates debt financing and refinancing and avoids an imminent default of repayment due on 1 March 2021;
- (v) Takes into account the changed economic environment in Indonesia due to the Covid-19 pandemic;
- (vi) Provides for sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside;
- (vii) Renews all of the LPKR MLAs to December 2035 and together with the MPU MLA Restructuring, increases First REIT's weighted average lease expiry by approximately 5.2 years³; and
- (xiii) Preserves long-term value for Unitholders.

1 Source: The Jakarta Post report titled "Indonesia sets bleak daily record with 5,444 new cases" published on 13 November 2020 which is available on the website of The Jakarta Post at <https://www.thejakartapost.com/> (last accessed on 23 December 2020). The Jakarta Post has not provided its consent to the inclusion of the information extracted from its report in this Circular and The Jakarta Post is not responsible for the information extracted from its report in this Circular.

2 Please refer to the independent market research report issued by Frost & Sullivan (S) Pte Ltd (the "**Independent Market Research Consultant**") on the private healthcare sector in Indonesia with a focus on the Siloam group of hospitals (the "**Independent Market Research Report**").

3 Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

6.1 Avoids the Adverse Consequences of a Default by LPKR under the Existing LPKR MLAs and Resulting Termination of the Existing LPKR MLAs

The LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, are:

No.	Property Name	Acquisition Year	Master Lessee(s)
1.	Siloam Hospitals Surabaya	2006 (Year of IPO)	LPKR
2.	Siloam Hospitals Kebon Jeruk	2006	LPKR
3.	Siloam Hospitals Lippo Village	2006	LPKR
4.	Mochtar Riady Comprehensive Cancer Centre	2010	LPKR
5.	Siloam Hospitals Makassar	2012	LPKR
6.	Siloam Hospitals Manado ¹	2012	LPKR
7.	Siloam Hospitals TB Simatupang	2013	LPKR
8.	Siloam Hospitals Bali	2013	LPKR
9.	Siloam Hospitals Labuan Bajo	2016	LPKR and a wholly-owned subsidiary of Siloam
10.	Siloam Hospitals Buton ²	2017	LPKR and a wholly-owned subsidiary of Siloam
11.	Siloam Hospitals Yogyakarta	2017	LPKR and a wholly-owned subsidiary of Siloam

To illustrate the significance of the LPKR Hospitals, the LPKR Hospitals account for approximately 72.1% of First REIT's rental income and other income for FY2019. Rental and other income for the LPKR Hospitals for FY2019 aggregated S\$83.1 million, compared to the total rental and other income of S\$115.3 million for the entire portfolio of First REIT.

Should LPKR default under the LPKR MLAs, First REIT would have to deal with the consequences of the default and the resulting termination of the LPKR MLAs which may include the following consequences, among others:

- (i) an immediate loss of approximately 72.1%³ of First REIT's rental income currently attributable to the LPKR Hospitals, notwithstanding that such loss could be partially offset in the immediate term by existing security deposits;

1 Siloam Hospitals Manado was acquired on 30 November 2012 as part of an integrated property comprising Siloam Hospitals Manado and Hotel Aryaduta Manado. As the terms of the lease for the Manado Property are contained within one MLA and there is no separate MLA for Siloam Hospitals Manado, the rental income for Siloam Hospitals Manado for the financial year ended 31 December 2019 ("FY2019") was derived on the assumption that the rental income for Hotel Aryaduta Manado was S\$3.307 million as stated in **Appendix A** of this Circular.

2 Siloam Hospitals Buton was acquired on 10 October 2017 as part of the integrated property comprising of Siloam Hospitals Buton and Lippo Plaza Buton.

3 With reference to the total rental and other income of First REIT for FY2019.

- (ii) breaches in First REIT's debt covenants;
- (iii) impairs First REIT's ability to execute any refinancing and meet its repayment obligations, in particular the S\$196.6 million debt coming due on 1 March 2021;
- (iv) lengthy, costly and cumbersome legal disputes, in particular in Indonesia;
- (v) incurring of operating expenses to upkeep the vacant hospital buildings from being in physical disrepair, deterioration and dilapidation;
- (vi) as healthcare assets are specialised assets that are typically built-to-suit, finding alternative users or tenants is challenging. Such an event will trigger a difficult, uncertain and lengthy leasing exercise to secure new healthcare and/or other relevant tenants, as hospital tenants need to obtain various local regulatory approvals and permits to operate a hospital; and
- (vii) further capital expenditure injections may be required to renovate or enhance the hospital buildings to the requirements of potential new hospital tenants.

6.2 Avoids the Time, Costs and Complications of Enforcing Legal Rights in Indonesia

Should the Proposed LPKR MLA Restructuring not proceed and LPKR defaults under the LPKR MLAs, First REIT may be involved in the lengthy and expensive process of enforcing its legal rights in Indonesia.

The Manager understands that most of the assets owned by LPKR are located in Indonesia. All of the LPKR MLAs provide for disputes to be resolved by arbitration administered by the SIAC in accordance with the Arbitration Rules of the SIAC. The arbitration process for First REIT to enforce its rights may take up to 12 to 18 months before an arbitral award could be obtained. In the event that First REIT obtains a favourable arbitral award against LPKR, the arbitral award may be enforced against LPKR's assets located in any of the 166 contracting states to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, including Indonesia¹.

To enforce an award in Indonesia, First REIT must: (1) register the arbitral award at the Central Jakarta District Court ("CJDC") and (2) obtain an *exequatur* order from the Chairman of the CJDC. The *exequatur* order will be issued if the award does not contradict public policy in Indonesia. This registration process would likely take up to eight months. However, if LPKR challenges the registration, this process may take up to 1.5 years. Thereafter, First REIT may apply to enforce a money award against LPKR's shares in its Indonesian subsidiaries. This process requires about one year to complete, but may take up to two to three years if LPKR challenges the enforcement. First REIT may also take time and face difficulties in realising the value of LPKR's shares in its Indonesian subsidiaries.

In addition, First REIT may enforce the award for LPKR to deliver vacant possession of the hospital properties. However, this process would likely be challenging because a sub-lessee may seek to challenge the termination of the master lease on the basis that its rights under the sub-lease ought to be viewed as being integrated with the master lease. This is particularly so if the sub-lessee has been using the property to conduct business and generating revenue. Even if First REIT were successful in obtaining a court order to enforce the award, First REIT will require the assistance of the bailiff and other law enforcement officials to execute such a court order. Such assistance may not be forthcoming given the

¹ As of 28 October 2020, there are 166 State parties to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

Covid-19 pandemic in Indonesia and the local health and political issues that would arise as a result of such enforcement. The Manager is of the view that it would be very difficult to evict hospital tenants in the current situation and would expect to face strong resistance from the local officials and population for such a move.

Further, as most of the LPKR Hospitals are mortgaged as security to the lenders of First REIT, First REIT may face the added complexity of co-ordinating with such lenders in enforcing its legal rights in Indonesia.

In addition to the expenditure of time and the challenges which First REIT may face as highlighted above, First REIT may also incur considerable costs, including professional and other fees and expenses, in the process of enforcing its legal rights in Indonesia.

For the reasons above, the Manager is of the view that the Proposed LPKR MLA Restructuring should be carried out to prevent a default by LPKR under the LPKR MLAs, in order for First REIT to avoid the time, costs and complications of enforcing legal rights in Indonesia.

6.3 Provides Clarity on Asset Valuations and Cash Flows

The valuations of the LPKR Hospitals are premised on the rental terms specified within the LPKR MLAs. Accordingly, their valuations depend very substantially on the future income streams from the LPKR Hospitals. LPKR's financial circumstances and LPKR's expressed requirements in respect of the Proposed LPKR MLA Restructuring have generated a lot of uncertainty in terms of the valuations of the LPKR Hospitals. Even if valuers can arrive at valuation figures currently in respect of the LPKR Hospitals notwithstanding the expressed intention by LPKR to restructure the LPKR MLAs, such figures may have to be revised shortly after depending on the situation relating to the LPKR MLAs, such as renewals at reduced rental rates or potential defaults.

In addition, in the absence of the Proposed LPKR MLA Restructuring, the initial term of the IPO MLAs in respect of the IPO Hospital Properties will expire in December 2021. Any isolated renewal of rental terms for any of the LPKR MLAs (for example, in respect of the IPO Hospital Properties) could in turn trigger revaluations across all of the other LPKR Hospitals. In such a situation, the valuers may review their valuation assumptions, including but not limited to the discount rates and future cash flow projections across all of the LPKR Hospitals, which may result in lower valuations.

First REIT needs certainty in respect of the valuation of its assets and cash flows in order to operate on an ongoing basis as well as grow and move forward. Its stakeholders (including Unitholders, lenders, other investors, analysts and financial institutions) rely on First REIT's valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT.

Further, First REIT's business and capital structure are primarily underpinned by the valuation and cash flows from its real estate assets. Uncertainty over the valuation and future cash flows of its Indonesian hospital portfolio is impairing First REIT's ability to maintain a sustainable capital structure on an ongoing basis or effect any long-term business plans.

For example, under the Property Funds Appendix, regulatory limits on First REIT's aggregate leverage limit, development limit and how much First REIT can invest in "real estate-related assets" are pegged to First REIT's "deposited property", which is defined in the Property Funds Appendix to mean the value of First REIT's total assets based on the latest valuation. Achieving certainty in the valuations of the LPKR Hospitals from the Proposed LPKR MLA Restructuring would help First REIT to comply with the regulatory limits set out in the Property Funds Appendix and enable First REIT to effect a sustainable capital structure and business plan.

6.4 Facilitates Debt Financing and Refinancing and Avoids an Imminent Default of Repayment Due on 1 March 2021

A key component of First REIT's strategy in enhancing returns to Unitholders would be to take on debt financing within the limits set out in the Property Funds Appendix. Since its IPO, First REIT's debt financing and refinancing agreements have always been on a secured basis and contained covenants which are pegged to the valuations of its properties. First REIT needs to achieve certainty in the valuations of its properties so as to avoid breaching loan covenants and facilitate loan refinancing.

First REIT's lenders have also expressed significant concerns over the sustainability of First REIT's capital structure in light of LPKR's current financial circumstances and LPKR's expressed intentions regarding the Proposed LPKR MLA Restructuring.

80.2% (or approximately S\$395.7 million) of First REIT's debt is coming due within the next 18 months with 39.8% (or approximately S\$196.6 million) coming due on 1 March 2021.

Due Date	Amount	Percentage of Total Debt	Facility
1 March 2021	S\$196.6 million	39.8%	Part of the 2018 Secured Loan Facilities
1 March 2022	S\$99.1 million	20.1%	Part of the 2018 Secured Loan Facilities
16 May 2022	S\$100.0 million	20.3%	The 2019 Secured Loan
Total Debt Due within the next 18 months	S\$395.7 million	80.2%	
1 March 2023	S\$97.7 million	19.8%	Part of the 2018 Secured Loan Facilities
Total	S\$493.4 million	100.0%	

As mentioned in the announcement of First REIT dated 24 December 2020 in relation to the Refinancing Facility, the Trustee has signed the Refinancing Facility in order to meet the S\$196.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities. The Refinancing Facility is not conditional upon the Proposed LPKR MLA Restructuring.

The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million. The Manager intends to finance the S\$140 million from the Rights Issue. However, the viability of the Rights Issue is similarly dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT's valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT. Hence, the Proposed LPKR MLA Restructuring is

necessary to enable the Manager to proceed with the Rights Issue, complete the refinancing exercise and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021.

The 2019 Secured Loan is also coming due on 16 May 2022 and First REIT will need to have established certainty over its asset value and cash flows in order to facilitate the discussions to refinance the 2019 Secured Loan.

Given the above, the Manager is of the view that the Proposed LPKR MLA Restructuring is required to avoid an imminent default of the S\$196.6 million repayment obligation due on 1 March 2021 and minimise any uncertainty in respect of future refinancing for First REIT. The Proposed LPKR MLA Restructuring will provide certainty in the rental income and valuation of the Secured Properties (as defined below). This enables First REIT to proceed with the Rights Issue and reset its capital structure to a sustainable basis and will allow the market to have clarity on the long-term financial position of First REIT.

For information, the indebtedness under the 2018 Secured Loan Facilities and the 2019 Secured Loan is secured by mortgages over the following properties: Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, 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, Imperial Aryaduta Hotel & Country Club, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence (the **"Secured Properties"**). Out of the Secured Properties, Siloam Hospitals Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Village and Siloam Hospitals Kebon Jeruk are LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring.

In addition, as part of the security package of the 2018 Secured Loan Facilities and the 2019 Secured Loan, each of the owners/master lessors of the Secured Properties in Indonesia and Secured Properties in Singapore have assigned by way of security its respective rights, title and interest to the receivables and proceeds under the relevant MLAs and the relevant security deposits to the lenders pursuant to deeds of fiduciary security over receivables (**"Fiduciary Security"**) and an assignment of proceeds (**"Assignment of Proceeds"**), respectively.

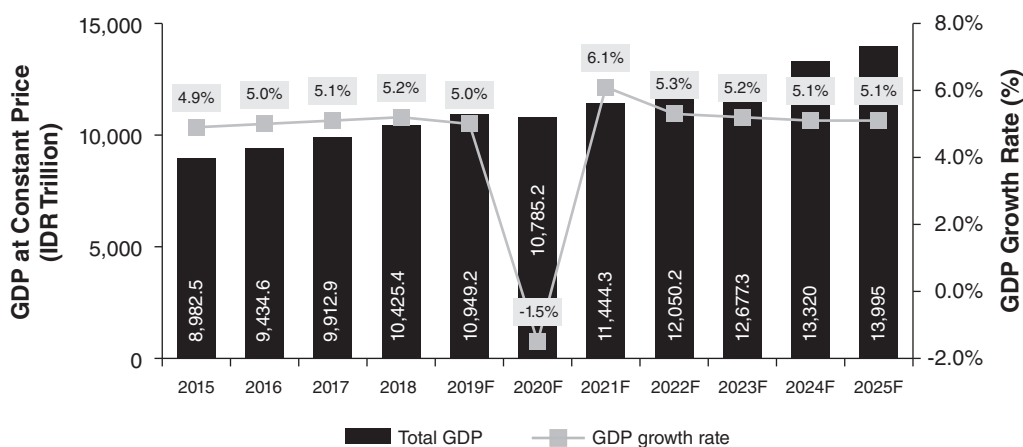
Under the Fiduciary Security, the owners/master lessors of the Secured Properties in Indonesia are not permitted to take any action or fail to take any action which will result in the impairment of the collection of the receivables under the MLAs and the security deposits. Similarly, under the Assignment of Proceeds, the owners/master lessors of the Secured Properties in Singapore are required to take all steps necessary or advisable to remedy any breach and to secure the due performance by the master lessees of its payment and other material obligations under the relevant MLAs and security deposits.

6.5 Takes into Account the Changed Economic Environment in Indonesia Due to the Covid-19 Pandemic

Indonesia generated a steady yearly real gross domestic product (**"GDP"**) growth at between 4.9% and 5.2% from 2015 to 2019. When compared with that of 2014, the year-on-year GDP growth rate slowed down in 2015 as a result of various factors, including oil price decline, weaker consumer spending and external challenges such as the forest fires of 2015, costing the country approximately Rp.221 trillion in reconstruction efforts, being almost double the amount spent in the aftermath of the 2004 Aceh tsunami¹.

¹ Please refer to the Independent Market Research Report.

The International Monetary Fund (“IMF”) projects Indonesia’s 2020 GDP to contract by 1.5% due to the ongoing pandemic, which is largely in line with the Government of Indonesia’s estimate for a full-year contraction of 0.6% to 1.7%¹ made in late September, down from GDP growth of 5.02% in 2019².



Source: IMF World Economic Outlook, October 2020

However, in 2Q2020, the Indonesian economy experienced a deeper contraction in GDP of 5.32% year-on-year³; a contraction that is deeper than the initial IMF projection of 0.3% in June 2020⁴. This was largely on account of contraction in the transportation and logistics sectors that witnessed a slow down to the tune of approximately 30.84% during the same period. Other sectors contributing to the decline were export and import of products and services that experienced a contraction of 11.66% and 16.96% respectively⁵.

- 1 Source: Bloomberg’s report titled “Indonesia Sees Economy Contracting for First Time Since 1998” published on 22 September 2020 which is available on the website of Bloomberg at <https://www.bloomberg.com/asia> (last accessed on 23 December 2020). Bloomberg has not provided its consent to the inclusion of the information extracted from its report in this Circular and Bloomberg is not responsible for the information extracted from its report in this Circular.
- 2 Source: The Jakarta Post’s report titled “Indonesia’s GDP to decline more than thought as virus keeps spreading: IMF” published on 14 October 2020 which is available on the website of The Jakarta Post at <https://www.thejakartapost.com/> (last accessed on 23 December 2020). The Jakarta Post has not provided its consent to the inclusion of the information extracted from its report in this Circular and The Jakarta Post is not responsible for the information extracted from its report in this Circular.
- 3 Source: The Jakarta Post’s report titled “Indonesia’s GDP contracts deeper than expected at 5.32% in Q2” published on 5 August 2020 which is available on the website of The Jakarta Post at <https://www.thejakartapost.com/> (last accessed on 23 December 2020). The Jakarta Post has not provided its consent to the inclusion of the information extracted from its report in this Circular and The Jakarta Post is not responsible for the information extracted from its report in this Circular.
- 4 Source: IMF’s report titled “World Economic Outlook Update, June 2020 – A Crisis Like No Other, An Uncertain Recovery” published on 24 June 2020 which is available on the website of IMF at <https://www.imf.org/> (last accessed on 23 December 2020). The International Monetary Fund has not provided its consent to the inclusion of the information extracted from its report in this Circular and The International Monetary Fund is not responsible for the information extracted from its report in this Circular.
- 5 Source: Badan Pusat Statistik’s report titled “Ekonomi Indonesia Triwulan II 2020 Turun 5,32 Persen” published on 5 August 2020 which is available on the website of Badan Pusat Statistik at <https://www.bps.go.id/> (last accessed on 23 December 2020). Badan Pusat Statistik has not provided its consent to the inclusion of the information extracted from its report in this Circular and Badan Pusat Statistik is not responsible for the information extracted from its report in this Circular.

The Manager believes that the Covid-19 pandemic has significantly impacted the revenues generated by the operations at the LPKR Hospitals and led to a drastic decline in patient volumes across Indonesia. It is anticipated that the impact of the Covid-19 pandemic would be significant and structural over the medium term. According to the Indonesian Private Hospital Association (also known as “**ARSSI**”), the Covid-19 pandemic has affected the operations of a number of hospitals, with disruptions to hospital cash flows linked to a decline in outpatient-related revenue¹.

According to the Independent Market Research Report, the main reason for a significant reduction in outpatient volumes is due to the phenomenon that many individuals remain apprehensive about visiting hospitals due to the Covid-19 pandemic. Even if a patient wishes to seek medical advice from a doctor at a hospital, the patient is likely to have preferred to use telemedicine because of the requirement by some medical practitioners to take a Covid-19 Polymerase Chain Reaction test prior to visiting a doctor at a hospital, which is cumbersome and expensive. This trend of reduced outpatients for hospitals is likely to continue into 2021 as patients and providers increasingly move towards telemedicine to cater to primary healthcare needs. Siloam is also currently exploring this telemedicine route, in line with the Government of Indonesia’s recent push in advising patients other than those with Covid-19 to adopt distance medical consultations to avoid serious health risks during the pandemic^{2,3}.

Hospital operations have faced a significant downturn due to a combination of factors, with one of the key reasons being the large influx of Covid-19 affected patients and the limited availability of facilities to treat these patients. Non-Covid-19 hospitals are also witnessing a significant decrease in outpatients due to the large-scale social restrictions (also known as Pembatasan Sosial Berskala Besar or “PSBB”) imposed by the Government of Indonesia as the outpatients delay consultations and prefer to either administer home remedies or take the telemedicine route. According to ARSSI⁴, the number of outpatients decreased between 50% and 60%, while inpatients witnessed a drop of up to 60%. The Covid-19 pandemic has not only affected referral hospitals, but also the non-referral hospitals in Indonesia which have reported cash flow drops of between 30% and 50%⁵. Referral hospitals are hospitals that have been appointed by the regional or provincial governments for having the capacity, safety and quality of care to handle Covid-19 cases. Based on the Independent Market Research Report, the following LPKR Hospitals are COVID-19 referral

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- 1 Source: CNBC Indonesia’s report titled “Duh! Arus Kas RS Swasta Berantakan Negara Pandemi Covid-19” published on 18 May 2020 which is available on the website of CNBC Indonesia at <https://www.cnbcindonesia.com/> (last accessed on 23 December 2020). CNBC Indonesia has not provided its consent to the inclusion of the information extracted from its report in this Circular and CNBC Indonesia is not responsible for the information extracted from its report in this Circular.
 - 2 Source: Ministry of Health of the Republic of Indonesia report titled “Cegah Penyebaran Covid-19, Pelayanan Kesehatan Dilakukan Melalui Telemedicine” published on 30 April 2020 which is available on the website of the Ministry of Health of the Republic of Indonesia at <https://www.kemkes.go.id/> (last accessed on 23 December 2020). The Ministry of Health of the Republic of Indonesia has not provided its consent to the inclusion of the information extracted from its report in this Circular and the Ministry of Health of the Republic of Indonesia is not responsible for the information extracted from its report in this Circular.
 - 3 Source: Jakarta Globe report titled “Siloam Launches Telemedicine, Home Care Services” published on 27 April 2020 which is available on the website of Jakarta Globe at <https://jakartaglobe.id/> (last accessed on 23 December 2020). Jakarta Globe has not provided its consent to the inclusion of the information extracted from its report in this Circular and Jakarta Globe is not responsible for the information extracted from its report in this Circular.
 - 4 Source: CNBC Indonesia’s report titled “Duh! Arus Kas RS Swasta Berantakan Negara Pandemi Covid-19” published on 18 May 2020 which is available on the website of CNBC Indonesia at <https://www.cnbcindonesia.com/> (last accessed on 23 December 2020). CNBC Indonesia has not provided its consent to the inclusion of the information extracted from its report in this Circular and CNBC Indonesia is not responsible for the information extracted from its report in this Circular.
 - 5 Source: Universitas Gadjah Mada report titled “Pandemi Covid-19 Pengaruhi Keuangan Rumah Sakit” published on 26 June 2020 which is available on the website of Universitas Gadjah Mada at <https://www.ugm.ac.id/> (last accessed on 23 December 2020). Universitas Gadjah Mada has not provided its consent to the inclusion of the information extracted from its report in this Circular and Universitas Gadjah Mada is not responsible for the information extracted from its report in this Circular.

hospitals: Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Manado, Siloam Hospitals Bali, Siloam Hospitals Purwakarta, Siloam Hospitals Labuan Bajo and Siloam Hospitals Yogyakarta.

The reductions in patient volumes have resulted in challenging hospital cash flows which in turn have rendered unavailable Covid-19 care devices such as airflow perturbation devices, ventilators and other advanced or limited equipment and tools¹.

In order to combat the crisis, many hospitals are initiating home-care and telemedicine (tele-consultation) for their non-Covid-19 patients. These hospitals have their on-leave medical personnel give treatment or consultation to non-Covid-19 patients as one of their outreach measures.

Hospitals are allowed to seek reimbursement of Covid-19 patients' treatment costs from the Government of Indonesia. However, according to ARSSI, such reimbursements are plagued with lengthy verification processes and long waiting times before the amount is reimbursed. According to recent data, since 6 April 2020, out of the 201 hospitals that had submitted their claims to the Government of Indonesia, only 174 of such claims have been processed and the payment received thus far is only 50% of the amount claimed². Although the reimbursements are disbursed more efficiently now, the relatively long wait times are likely to dissuade private hospitals from opening their doors to Covid-19 care and treatment.

Delays in surgeries also have a strong impact on patient health outcomes, hospital finances and resources, as well as training and research programs. Many hospitals in Indonesia are at the frontline of the pandemic and have shifted most of their resources to handle Covid-19 cases. In Indonesia, Covid-19 cases have spiked over August to September. As at 13 November 2020, while 385,094 Covid-19 patients had recovered, there are 57,604 active cases nationwide³. According to the Independent Market Research Consultant, industry sources indicate that delays in the diagnostic evaluation of patients are also likely to contribute to the backlog of elective surgeries. Many diagnostic procedures, including colonoscopies, mammograms, and biopsies, are on hold during the pandemic. There are many patients who are being treated in hospitals with other diseases, such as heart disease or cancer and have a high risk of contracting the coronavirus and experience fatal complications when exposed to Covid-19. In addition, it should also be considered that patients who undergo a recovery period after surgery are at high risk of being infected with the coronavirus while they are being treated in hospital and can experience dangerous complications from this viral infection. The two key reasons for delaying surgeries are to limit the spread of the coronavirus in hospitals and to focus medical personnel, health facilities and medical equipment including beds and intensive care units, breathing aids and personal protective equipment, on handling the number of coronavirus infections. Such delays in elective surgeries are causing significant backlogs in hospitals, which has an impact on the yearly revenues of the hospitals⁴.

1 Source: CNBC Indonesia's report titled "Duh! Arus Kas RS Swasta Berantakan Negara Pandemi Covid-19" published on 18 May 2020 which is available on the website of CNBC Indonesia at <https://www.cnbcindonesia.com/> (last accessed on 23 December 2020). CNBC Indonesia has not provided its consent to the inclusion of the information extracted from its report in this Circular and CNBC Indonesia is not responsible for the information extracted from its report in this Circular.

2 Source: CNBC Indonesia's report titled "Duh! Arus Kas RS Swasta Berantakan Negara Pandemi Covid-19" published on 18 May 2020 which is available on the website of CNBC Indonesia at <https://www.cnbcindonesia.com/> (last accessed on 23 December 2020). CNBC Indonesia has not provided its consent to the inclusion of the information extracted from its report in this Circular and CNBC Indonesia is not responsible for the information extracted from its report in this Circular.

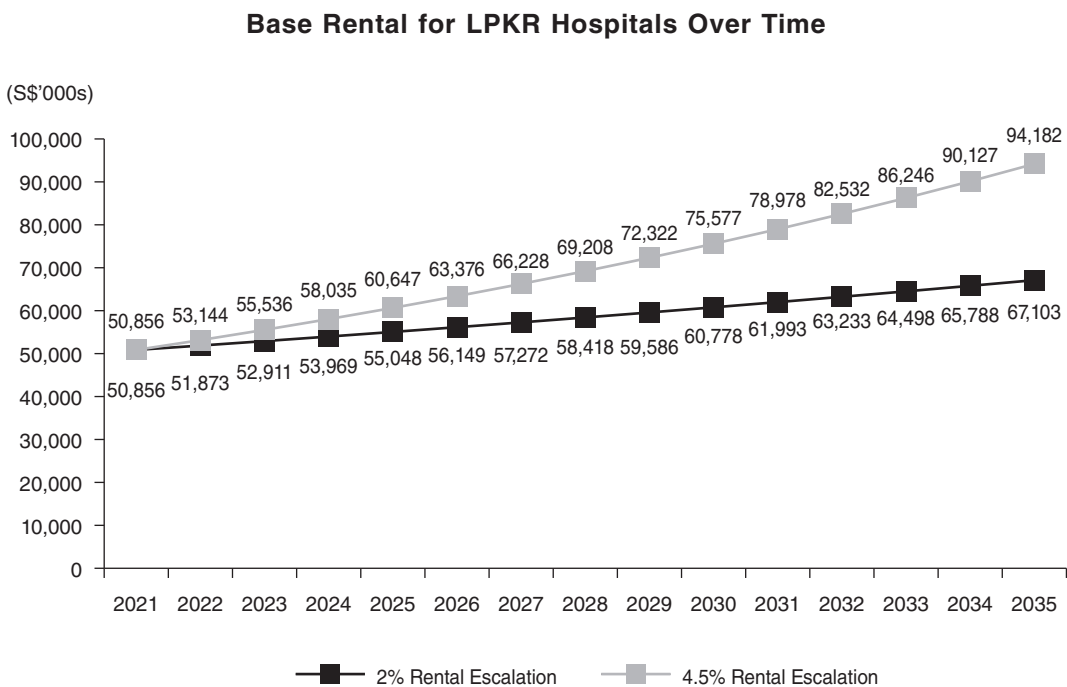
3 Source: The Jakarta Post report titled "Indonesia sets bleak daily record with 5,444 new cases" published on 13 November 2020 which is available on the website of The Jakarta Post at <https://www.thejakartapost.com/> (last accessed on 23 December 2020). The Jakarta Post has not provided its consent to the inclusion of the information extracted from its report in this Circular and The Jakarta Post is not responsible for the information extracted from its report in this Circular.

4 Please refer to the Independent Market Research Report.

6.6 Provides for Sustainable and Stable Long-Term Master Lease Structure with Regular Fixed Increments and Potential Additional Upside

The Proposed LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside.

The base rent under the restructured LPKR MLAs has a fixed escalation rate of 4.5% per annum as compared to the current step-up mechanism which is two times the Singapore consumer price index subject to a cap of 2.0%. The higher escalation rate is intended to compensate for the increased volatility associated with the proposed switch in rental payment currency from Singapore Dollars to Indonesian Rupiah. Under the revised base rent structure, First REIT will receive a minimum guaranteed Indonesian Rupiah-denominated base rent which will grow at 4.5% per annum across the 15-year tenure of the restructured LPKR MLAs, as illustrated in the chart below.



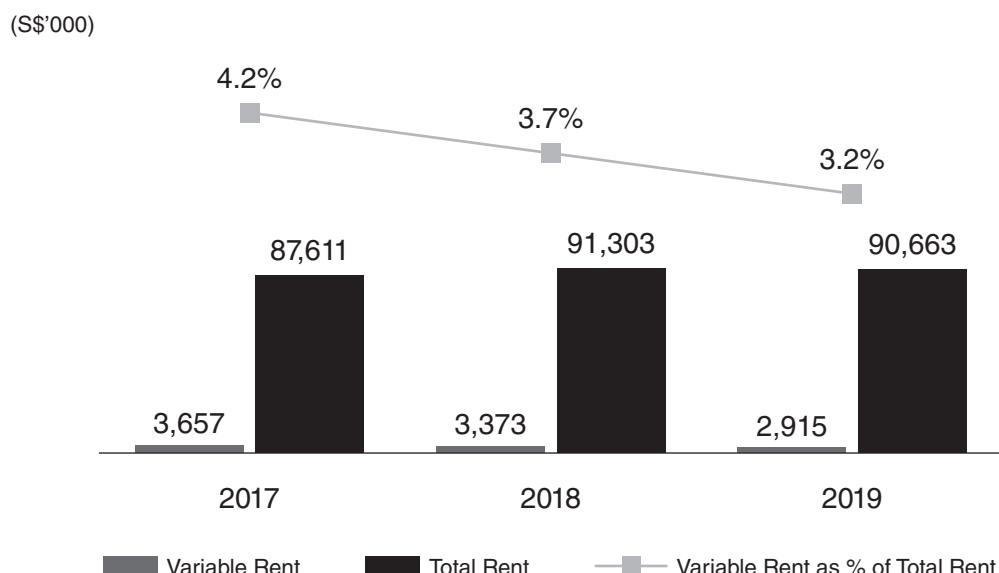
Note: Based on a fixed Singapore Dollar to Indonesian Rupiah exchange rate of S\$1.00 to Rp.10,830.

In the chart above, the grey line represents the growth in the base rent of First REIT under the restructured LPKR MLAs using rental escalation of 4.5%, while the black line represents the growth in the base rent of First REIT under the LPKR MLAs using the existing base rent formula assuming maximum growth at 2.0% per annum. Both lines assume a fixed Singapore Dollar to Indonesian Rupiah exchange rate of S\$1.00 to Rp.10,830.

As can be seen from the chart above, by comparing the grey line against the black line, the chart above illustrates a buffer ranging from 2.45% in 2022 to 40.35% for Singapore Dollar to Indonesian Rupiah exchange rate fluctuations.

In addition, the rental payable under the restructured LPKR MLAs will be the higher of either the base rent or the performance-based rent at 8.0% of the relevant hospital's GOR for the preceding year. This performance-based rent structure replaces the existing variable rent structure, which has contributed not more than 4.2% to the total rent received for each year under the LPKR MLAs over the past three years.

Historical Variable and Total Rent from LPKR MLAs



The revised performance-based rent structure provides greater potential upside for First REIT compared to the existing variable rent structure where, in general, variable rent for an LPKR Hospital is payable only if the GOR of the relevant LPKR Hospital grows by at least 5% compared to the preceding year, at a rate of between 0.75% to 2.0% of either (a) the GOR of the relevant LPKR Hospital (for Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Mochtar Riady Comprehensive Cancer Centre) or (b) the increase in GOR of the relevant LPKR Hospital compared to the preceding year (for other LPKR Hospitals).

See **Appendix B** of this Circular for a more detailed description of the variable rent formulae under the existing LPKR MLAs.

Based on the terms of the restructured LPKR MLAs, including the 15-year term of the restructured LPKR MLAs which will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, the Board is of the view that the Proposed LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure.

6.7 Renews All of the LPKR MLAs to December 2035 and Together with the MPU MLA Restructuring, Increases First REIT's Weighted Average Lease Expiry by Approximately 5.2 Years¹

The LPKR MLAs comprise the existing hospital master lease agreements entered into between the relevant master lessors and the relevant master lessees in relation to the LPKR Hospitals, being 11 hospitals located in Indonesia which were acquired by First REIT between 2006 and 2017.

The following table sets out the expiry year for each of the LPKR MLAs, as well as their respective contributions to the total rental income of the LPKR Hospitals for FY2019 and 1H2020:

Acquisition Year	Expiry Year	LPKR Hospitals	% Contribution to Total Rental Income of the LPKR Hospitals (FY2019)	% Contribution to Total Rental Income of the LPKR Hospitals (1H2020)²
2006 (Year of IPO)	2021	Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Surabaya	31.8%	32.1%
2010	2025	Mochtar Riady Comprehensive Cancer Centre	25.3%	25.5%
2012	2027	Siloam Hospitals Manado and Siloam Hospitals Makassar	12.8%	11.4%
2013	2028	Siloam Hospitals Bali and Siloam Hospitals TB Simatupang	23.0%	23.1%
2016	2031	Siloam Hospitals Labuan Bajo	2.2%	2.2%
2017	2032	Siloam Hospitals Yogyakarta and Siloam Hospitals Buton	4.9%	5.7%
Total			100.0%	100.0%

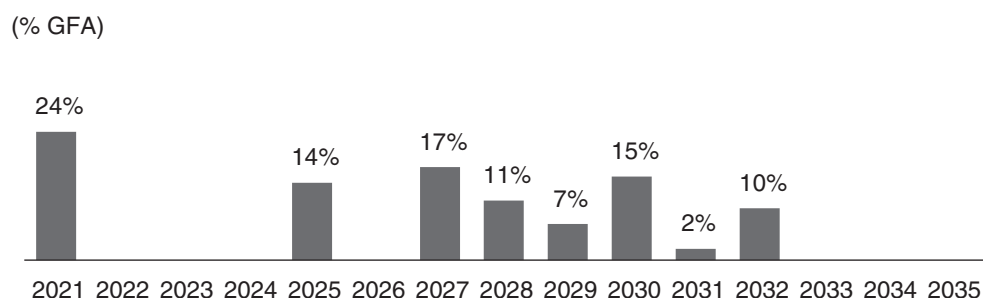
As can be seen from the table above, the LPKR MLAs in respect of the LPKR Hospitals which contribute 31.8%, 25.3% and 12.8% of the total rental revenue of the LPKR Hospitals for FY2019 are expiring by 2021, 2025 and 2027 respectively. Given LPKR's financial circumstances, the Proposed LPKR MLA Restructuring will enable all of the LPKR MLAs to be extended to December 2035 and removes any future uncertainty in respect of the renewal of the LPKR MLAs.

¹ Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

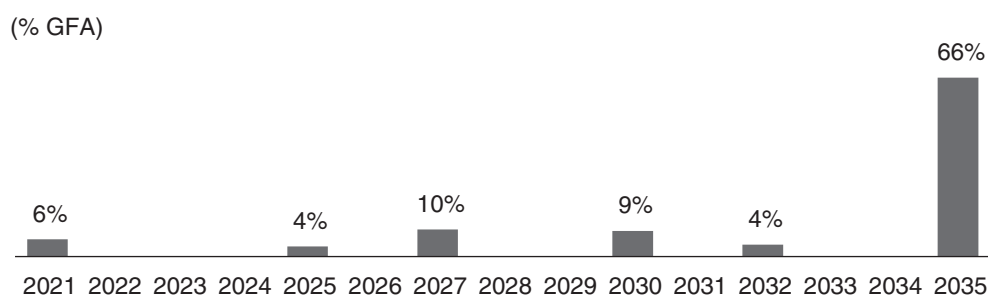
² Percentage contribution to total rental revenue are figures after rental relief for 1H2020.

Based on the revised terms under the Proposed LPKR MLA Restructuring, the weighted average lease expiry for First REIT will be extended from 7.4 years as at 31 December 2019 to 12.0 years (or 12.6 years assuming that both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed) which provides a more certain and stable lease profile to reposition First REIT for future growth. The following charts illustrate how the Proposed LPKR MLA Restructuring will result in a very substantially improved lease profile for First REIT:

Current Lease Expiry Profile (by GFA)



New Lease Expiry Profile (by GFA)



Note: Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

6.8 Preserves Long-Term Value for Unitholders

The Manager believes that the Proposed LPKR MLA Restructuring will preserve the current ecosystem of having LPKR and Siloam as the operators of the LPKR Hospitals. The Proposed LPKR MLA Restructuring provides a revised master lease structure that is sustainable with improved upside sharing for First REIT.

Siloam is the largest hospital operator in Indonesia with 39 hospitals, consisting of 14 hospitals in the Greater Jakarta area and 25 hospitals spread across the islands of Java, Sumatra, Kalimantan, Sulawesi, Bali, and Nusa Tenggara as at 27 October 2020¹. Given its extensive hospital and healthcare network, as well as a legacy of having operated all of the First REIT hospitals in Indonesia, Siloam is the natural operator for these assets given their extensive experience with these assets.

¹ Source: Siloam's press release titled "Siloam Hospitals Reports 9M2020 Revenues Decreased 4.1% to Rp5,001 billion as COVID-19 Continues to Impact Revenues and Earnings" published on 27 October 2020 which is available on the website of Siloam at <https://www.siloamhospitals.com/> (last accessed on 23 December 2020).

Finding an alternative hospital operator for the hospital assets would be difficult given the regulatory constraints involved in changing hospital operators in Indonesia. Like most countries, the hospital sector is heavily regulated in Indonesia. The operation of a hospital involves obtaining an operational hospital permit issued by the Indonesian Minister of Health, among other permits and licenses. These permits are difficult and time-consuming to obtain.

The foreign ownership rules in Indonesia also make it difficult for foreign operators to enter the market. Under Indonesian foreign ownership rules, foreign investors are subject to a maximum 67% ownership (70% for investors from Association of Southeast Asian Nations member states) in a local hospital operating entity.

Additionally, according to the Independent Market Research Report, hospitals established through foreign investments should belong to a privately-owned hospital and must have a minimum of 200 beds. Following the Regulation of the Minister of Health of Indonesia No.3/2020 on the classification and licensing of hospitals, all hospitals have to compulsorily go through an accreditation process. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, the Independent Market Research Consultant is of the opinion that changing hospital operators can be time consuming and cumbersome¹.

Further, there is a very limited pool of potential alternative hospital operators. Indonesian hospital operators generally prefer to build and own their hospitals. Hospitals are typically built-to-suit, and additional capital expenditure is likely to be required to renovate hospitals to the requirements of new tenants, if any.

In 2019, First REIT explored third party interest in operating three hospital assets in the First REIT hospital portfolio through a tender process where PT Willson Properti Advisindo in association with Knight Frank was engaged to reach out to 43 foreign and local hospital operators. The process culminated in First REIT only receiving one bid from a related party and the terms were worse off as compared to the terms under the Proposed LPKR MLA Restructuring. The results of the 2019 process substantiate the practical difficulty in finding alternative lessees and/or operators for the First REIT hospital assets in Indonesia.

The Manager further understands that in the event the Proposed LPKR MLA Restructuring is not agreed, Siloam and LPKR may consider building their own hospitals and this would create additional overhang and uncertainty for First REIT.

For the reasons above, the Manager is of the view that carrying out the Proposed LPKR MLA Restructuring would preserve long-term value for Unitholders by maintaining the current ecosystem of having LPKR and Siloam as the operators of the LPKR Hospitals under a revised master lease structure that is sustainable with improved upside sharing for First REIT.

Having considered the Independent Market Research Report and for the reasons set out in this **paragraph 6.8** of this Letter to Unitholders, the Independent Directors are of the view that finding an alternative hospital operator for the hospital assets would be difficult given (a) the regulatory constraints involved in changing hospital operators in Indonesia, (b) that the foreign ownership rules in Indonesia make it difficult for foreign operators to enter the market and (c) that there is a very limited pool of potential alternative hospital operators.

Based on the terms of the restructured LPKR MLAs, the Independent Directors are of the view that the Proposed LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure.

1 Please refer to the Independent Market Research Report.

Based on the opinion of the IFA (as set out in the letter from the IFA to the Independent Committee, the Audit and Risk Committee and the Trustee containing its advice in full (the “**IFA Letter**”) in **Appendix C** of this Circular) and the rationale for the Proposed LPKR MLA Restructuring as set out in this **paragraph 6** of this Letter to Unitholders, the Independent Directors are of the view that the Proposed LPKR MLA Restructuring is in the interests of First REIT and its minority Unitholders for the reasons set out in this **paragraph 6** of this Letter to Unitholders.

7. CERTAIN CONSIDERATIONS IN RESPECT OF THE PROPOSED LPKR MLA RESTRUCTURING

7.1 First REIT is Largely Dependent on LPKR for Rental Payments

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. As at the Latest Practicable Date, all of the LPKR Hospitals are leased to either LPKR or LPKR and certain subsidiaries of Siloam. For FY2019, the LPKR Hospitals contributed to approximately 72.1%¹ of First REIT’s rental and other income. Therefore, First REIT’s revenue and cash flow depend largely upon the ability of LPKR to make rental payments. As such, the business prospects of LPKR (aside from those relating to First REIT), could impact on LPKR’s ability to make rental payments to First REIT.

A downturn in the business of LPKR may weaken its financial condition and result in LPKR’s failure to make timely rental payments or default under the LPKR MLAs. If LPKR fails to make timely rental payments or defaults under the LPKR MLAs, First REIT’s financial condition, revenue and cash flow, and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan, may be materially and adversely affected.

LPKR’s business is directly affected by the state of the Indonesian economy. Economic growth in Indonesia is a result of a combination of consumer spending, government spending, export growth as well as the level of investments. Weaknesses in any of these drivers may cause economic growth to weaken, resulting in higher unemployment, currency depreciation, volatility in interest rates, and potential social and political unrest. These factors may adversely affect Indonesian businesses. In particular, the business, financial condition and prospects of LPKR are potentially influenced by these factors, and any weakness in these conditions could affect LPKR’s ability, as master lessee, to pay rent to First REIT. This, in turn, may affect First REIT’s revenue and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan. There can be no assurance that LPKR will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the LPKR MLAs.

In addition, any downgrade in the credit rating of LPKR could have an adverse impact on its ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Such events could have a material adverse effect on the financial condition of LPKR and may result in LPKR’s failure to make timely rental payments or default under the LPKR MLAs. This could in turn have a material adverse effect on First REIT’s financial condition, results of operations and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan.

¹ Siloam Hospitals Manado was acquired on 30 November 2012 as part of an integrated property comprising Siloam Hospitals Manado and Hotel Aryaduta Manado. As the terms of the lease for the Manado Property are contained within one MLA and there is no separate MLA for Siloam Hospitals Manado, the rental income for Siloam Hospitals Manado for the financial year ended 31 December 2019 was derived on the assumption that the rental income for Hotel Aryaduta Manado was S\$3.307 million as stated in **Appendix A** of this Circular.

7.2 First REIT is Dependent on LPKR and Siloam as the Tenants of the LPKR Hospitals for Rental Payments

First REIT is dependent on rental payments from LPKR and Siloam as the tenants of the LPKR Hospitals, as First REIT does not directly operate the LPKR Hospitals. Therefore, First REIT's revenue in respect of the LPKR Hospitals depends to a large extent upon the ability of LPKR and Siloam to make rental payments. As such, the business prospects of LPKR and Siloam (aside from those relating to First REIT) could impact on the ability of LPKR and Siloam to make rental payments to First REIT.

Factors that affect the volume of patients at the LPKR Hospitals and, thereby, the ability of LPKR and Siloam to meet their obligations include, but are not limited to:

- (i) unemployment levels;
- (ii) the business environment of local communities;
- (iii) the number of uninsured and underinsured individuals in local communities;
- (iv) seasonal cycles of illnesses;
- (v) recruitment, retention and attrition of medical professionals such as doctors and nurses;
- (vi) local healthcare competitors and competition in the healthcare industry;
- (vii) unfavourable publicity that impacts relationships between physicians and patients;
- (viii) the level of demand for hospitals and hotels and the related services of First REIT's properties in its portfolio;
- (ix) the performance of the Manager;
- (x) material losses in excess of insurance proceeds; and
- (xi) a possibility of union activities disrupting the operations of the properties in its portfolio, severely impacting on its reputation and ability to function normally.

There can be no assurance that LPKR and Siloam will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under the LPKR MLAs. This may in turn affect the operations and financial condition of First REIT and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan.

7.3 LPKR and/or Siloam May Not Renew their Respective Leases

There is no assurance that LPKR and/or Siloam will exercise any option to renew their respective leases upon expiry. In such a situation, First REIT may not be able to locate a suitable purchaser for the LPKR Hospitals, or a suitable replacement master lessee, as a result of which First REIT may lose a significant source of revenue. In addition, replacement of LPKR and/or Siloam on satisfactory terms may not be possible in a timely manner. The amount of rent and the terms on which lease renewals and new leases are agreed may also be less favourable than existing LPKR MLAs and/or the restructured LPKR MLAs.

The failure on the part of LPKR and/or Siloam to renew their leases upon expiry, or the termination of any of the lease agreements with LPKR and/or Siloam, may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan.

7.4 The LPKR Hospitals are Specialised Medical Facilities and Have Limited Uses

Hospitals are typically built-to-suit, and additional capital expenditure is likely to be required to renovate hospitals to the requirements of new tenants, if any. As the LPKR Hospitals may only be used for a specific purpose, if First REIT or LPKR and/or Siloam terminates the existing LPKR MLAs and/or the restructured LPKR MLAs (or any of them), First REIT may not be able to find a replacement tenant to lease First REIT's hospitals in a timely manner, or on terms acceptable to First REIT or at all.

As mentioned in **paragraph 6.8** of this Letter to Unitholders, finding an alternative hospital operator for the hospital assets would be difficult given the regulatory constraints involved in changing hospital operators in Indonesia. Like most countries, the hospital sector is heavily regulated in Indonesia. The operation of a hospital involves obtaining an operational hospital permit issued by the Indonesian Minister of Health, among other permits and licenses. These permits are difficult and time-consuming to obtain.

The foreign ownership rules in Indonesia also make it difficult for foreign operators to enter the market. Under Indonesian foreign ownership rules, foreign investors are subject to a maximum 67% ownership (70% for investors from Association of Southeast Asian Nations member states) in a local hospital operating entity.

Additionally, according to the Independent Market Research Report, hospitals established through foreign investments should belong to a privately-owned hospital and must have a minimum of 200 beds. Following the Regulation of the Minister of Health of Indonesia No.3/2020 on the classification and licensing of hospitals, all hospitals have to compulsorily go through an accreditation process. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, the Independent Market Research Consultant is of the opinion that changing hospital operators can be time consuming and cumbersome¹.

Further, there is a very limited pool of potential alternative hospital operators. Indonesian hospital operators generally prefer to build and own their hospitals.

In 2019, First REIT explored third party interest in operating three hospital assets in the First REIT hospital portfolio through a tender process where PT Willson Properti Advisindo in association with Knight Frank was engaged to reach out to 43 foreign and local hospital operators. The process culminated in First REIT only receiving one bid from a related party and the terms were worse off as compared to the terms under the Proposed LPKR MLA Restructuring. The results of the 2019 process substantiate the practical difficulty in finding alternative lessees and/or operators for the First REIT hospital assets in Indonesia.

In the event that First REIT is not able to find a tenant to lease the LPKR Hospitals for medical and healthcare purposes, First REIT may need to change the use of the LPKR Hospitals, in order to be able to lease the LPKR Hospitals and to generate income. There is no assurance that First REIT will be able to obtain the requisite approvals to change the zoning of the sites on which the LPKR Hospitals are located, and even if such approvals are obtained, First REIT may be required to incur significant time and expenditure to alter the LPKR Hospitals to make them suitable for other uses. If any of the above events were to occur, First REIT's financial condition and results of operations may be materially and adversely affected, and this may affect First REIT's ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan.

1 Please refer to the Independent Market Research Report.

8. INTERESTED PERSON TRANSACTIONS AND INTERESTED PARTY TRANSACTIONS

8.1 Related Party Transactions

Under Chapter 9 of the Listing Manual, where First REIT proposes to enter into a transaction with an Interested Person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of First REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of First REIT and its subsidiaries for FY2019 (the "**FY2019 Audited Consolidated Financial Statements**"), the audited NTA of First REIT attributable to Unitholders was S\$794.8 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by First REIT with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$39.7 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by First REIT which value (either in itself or when aggregated with the value of other transactions with the same Interested Party during the current financial year) exceeds 5.0% of First REIT's latest audited net asset value ("**NAV**").

Based on the FY2019 Audited Consolidated Financial Statements, the audited NAV attributable to Unitholders was S\$794.8 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is, either in itself or in aggregate with all other earlier transactions entered into with the same Interested Party during the current financial year, equal to or greater than S\$39.7 million, such a transaction would be subject to Unitholders' approval.

8.2 Dr Stephen Riady and Mr James Tjahaja Riady

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 159,167,216 (or approximately 19.72%) of the Units, and are therefore each regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

8.3 The Proposed LPKR MLA Restructuring

Based on the latest information available to the Manager as at 18 November 2020, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 41,592,628,005 (or approximately 58.67%) of the shares in LPKR, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, LPKR (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

In addition, as Siloam is a subsidiary of LPKR, LPKR is deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the wholly-owned subsidiaries of Siloam (being companies in which a Controlling Unitholder of First REIT has an interest of 30% or more and being companies in which a Controlling Shareholder of the Manager has an interest of 30% or more) are Interested Persons (for the purposes of the Listing Manual) and Interested Parties (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed LPKR MLA Restructuring is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

Given that the aggregate value of the Proposed LPKR MLA Restructuring of approximately S\$1.08 billion¹ (which is approximately 135.9% of the audited NTA and audited NAV attributable to Unitholders as at 31 December 2019) exceeds the said thresholds, the Proposed LPKR MLA Restructuring is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In approving the Proposed LPKR MLA Restructuring, Unitholders will be deemed to have approved all documents required to be executed by the relevant parties in order to give effect to the Proposed LPKR MLA Restructuring.

9. THE PROPOSED RIGHTS ISSUE

The Manager intends to issue approximately 791,063,000 Rights Units (which is equivalent to approximately 98% of the 807,206,351 Units in issue as at the Latest Practicable Date) pursuant to the Rights Issue to raise gross proceeds of approximately S\$158.2 million by way of a renounceable rights issue to Eligible Unitholders on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, fractional entitlements to be disregarded.

The Rights Units will be issued pursuant to the general mandate that was approved by Unitholders to the Manager for the issue of new Units, pursuant to an Ordinary Resolution obtained at an annual general meeting of Unitholders held on 20 May 2020.

The Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Rights Issue to be underwritten prior to the launch of the Rights Issue.

The Rights Issue is required to repay the S\$140 million difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million under the Refinancing Facility. However, the viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT's valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT. Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Rights Issue. (See **paragraph 6.4** of this Letter to Unitholders for further details.)

¹ Based on the total Commencement Base Rent of S\$50.9 million payable under the restructured LPKR MLAs, assuming a 4.5% per annum escalation for the 15-year term and the Commencement Base Rent of S\$3.3 million per annum for Hotel Aryaduta Manado until November 2027.

Unitholders should note that in the event that Resolution 1 (the Proposed LPKR MLA Restructuring) is not approved, the Manager will not proceed with the Rights Issue.

The Manager will make the appropriate announcement(s) in due course to inform Unitholders of the Rights Issue Record Date.

The actual terms and conditions of the Rights Issue will be set out in the offer information statement in connection with the Rights Issue to be lodged with the MAS and issued to Eligible Unitholders ("**Offer Information Statement**").

The Rights Issue is further conditional upon the lodgement of the Offer Information Statement with the MAS.

9.1 Issue Price

The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units. The actual terms and conditions of the Rights Issue will be set out in the Offer Information Statement. The indicative Issue Price of S\$0.20 per Rights Unit as set out in this Circular is a discount of:

- (i) approximately 50.6% to the closing price of S\$0.405 per Unit on the SGX-ST on 24 December 2020, being the last trading day of the Units prior to the announcement of the Rights Issue ("**Closing Price**");
- (ii) approximately 33.3% to the theoretical ex-rights price ("**TERP**") of S\$0.30 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of First REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

and

- (iii) approximately 44.4% discount to the *pro forma* NAV per Unit after the completion of the Rights Issue, being S\$0.360 per Unit.

9.2 Status of the Rights Issue

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue prior to the Rights Issue as well as all distributions thereafter.

9.3 Receipt of Approval-in-principle

Approval-in-principle was obtained from the SGX-ST on 24 December 2020 for the listing of, dealing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's approval in-principle is subject to, among others:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) a written undertaking from First REIT that it will comply with Listing Rules 704(30) and 1207(20) in relation to the use of the proceeds from the Rights Issue and where proceeds are to be used for working capital purposes, First REIT will disclose a breakdown with specific details on the use of proceeds for working capital in First REIT's announcements on use of proceeds and in the annual report;
- (iii) a written undertaking from First REIT that it will comply with Listing Rule 877(10) with regards to the allotment of any excess Rights Units; and
- (iv) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking Unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Proposed LPKR MLA Restructuring, the Rights Issue, the Rights Units, First REIT and/or its subsidiaries.

9.4 Eligible Unitholders

"Eligible Unitholders" are Unitholders with Units standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date or who have, at least two Market Days¹ prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore.

Eligible Unitholders will be at liberty to accept in part or in full, decline or otherwise renounce or trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

The procedures for acceptance, excess applications and payment by Eligible Unitholders will be set out in the Offer Information Statement.

For the avoidance of doubt, Eligible Unitholders who hold less than 100 Existing Units as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date will be provisionally allotted their Rights Entitlements on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, fractional entitlements to be disregarded. Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 100 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market².

1 "Market Day" means any day on which the SGX-ST is open for trading in securities.

2 "Unit Share Market" refers to the ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.

9.5 Ineligible Unitholders

No Rights Entitlements will be provisionally allotted to Unitholders who are not Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application for Excess Rights Units therefore by Ineligible Unitholders will be valid.

The offer, sale and delivery of the Rights Units and the Rights Entitlements may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders.

If it is practicable to do so, the Manager may, in its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account all expenses to be incurred in relation thereto.

Where such Rights Entitlements are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Manager, may, in its absolute discretion, decide and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, CDP or the Central Provident Fund Board (“**CPF Board**”) or their respective officers in respect of such sales or the proceeds thereof, the Rights Entitlements or the Rights Units represented by such provisional allotments.

The net proceeds from all such sales, after deducting all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings in First REIT determined as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date and sent to them at their own risk by ordinary post, without interest or any share of revenue or other benefit arising therefrom, provided that where the amount of net proceeds to be distributed to any single Ineligible Unitholder is less than S\$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of First REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Trustee or CDP and their respective officers in connection herewith.

If such Rights Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights Entitlements, the Rights Units represented by such Rights Entitlements will be issued to satisfy applications for Excess Rights Units or dealt with in such manner as the Manager may, in its absolute discretion, deem fit in the interest of First REIT and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, CDP or CPF Board and their respective officers in connection therewith.

9.6 Excess Rights Units

The Excess Rights Units will be aggregated and used to satisfy Excess Rights Units applications (if any) or disposed of or otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit.

In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). Directors of the Manager (“**Directors**”) and Substantial Unitholders¹ who have control or influence over First REIT or the Manager in connection with the day-to-day affairs of First REIT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units. The Manager reserves the right to refuse any application for Excess Rights Units, in whole or in part, without assigning any reason whatsoever therefor. In the event that the number of Excess Rights Units allotted to an Eligible Unitholder is less than the number of Excess Rights Units applied for, the Eligible Unitholder shall be deemed to have accepted the number of Excess Rights Units actually allotted to him.

9.7 Commitment by First REIT Management Limited

As at 24 December 2020, FRML owned an aggregate interest in 75,573,533 Units, comprising approximately 9.36% of the Units.

To demonstrate its support for First REIT and the Rights Issue, FRML has, on 24 December 2020, provided the FRML Irrevocable Undertaking to the Manager that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, FRML will have an interest in not less than the number of the FRML Initial Units credited to securities accounts with CDP which are held in the name of FRML (each with registered addresses with CDP in Singapore);
- (ii) in accordance with the terms and conditions of the Rights Issue, FRML will by the Closing Date accept, subscribe and pay in full for, the FRML Allotted Rights Units; and
- (iii) FRML will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the FRML Irrevocable Undertaking.

The above obligations of FRML are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

9.8 Commitment by OUE Lippo Healthcare Limited

As at 24 December 2020, OHI, being an indirect wholly-owned subsidiary of OUELH, owned an aggregate interest in 83,593,683 Units, comprising approximately 10.36% of the Units.

To demonstrate its support for First REIT and the Rights Issue, OUELH has, on 24 December 2020, provided the OUELH Irrevocable Undertaking to the Manager that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUELH will procure that OHI will have an interest in not less than the number of the OHI Initial Units credited to securities accounts with CDP which are held in the name of OHI (each with registered addresses with CDP in Singapore);

¹ “**Substantial Unitholder**” refers to a person with an interest in Units constituting not less than 5% of all Units in issue.

- (ii) in accordance with the terms and conditions of the Rights Issue, OUELH will procure OHI to, by the Closing Date, accept, subscribe and pay in full for, the OHI Allotted Rights Units; and
- (iii) OUELH will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the OUELH Irrevocable Undertaking.

The above obligations of OUELH are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

9.9 Commitment by OUE Limited

As at 24 December 2020, FRML and OHI, being subsidiaries of OUE, owned an aggregate interest in 159,167,216 Units, comprising approximately 19.72% of the Units.

To demonstrate its support for First REIT and the Rights Issue, OUE has, on 24 December 2020, provided the OUE Irrevocable Undertaking to the Manager that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of OUE Initial Units;
- (ii) in accordance with the terms and conditions of the Rights Issue, OUE will either:
 - (a) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking); or
 - (b) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of this undertaking; and
- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the OUE Irrevocable Undertaking.

The above obligations of OUE are subject to and conditional upon, *inter alia*, the passing of both Resolution 1 (the Proposed LPKR MLA Restructuring) and Resolution 2 (the Proposed Whitewash Resolution) at the EGM.

9.10 Use of Proceeds

The Rights Issue is expected to raise gross proceeds of approximately S\$158.2 million, based on an indicative Issue Price of S\$0.20 per Rights Unit. The gross proceeds raised from the Rights Issue are intended to be used in the following manner:

- (i) approximately S\$140.0 million (which is equivalent to 88.5% of the gross proceeds of the Rights Issue) to repay part of the 2018 Secured Loan Facilities;
- (ii) approximately S\$5.5 million (which is equivalent to 3.5% of the gross proceeds of the Rights Issue) for the estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue;
- (iii) approximately S\$3.4 million (which is equivalent to 2.1% of the gross proceeds of the Rights Issue) for master lease restructuring costs; and
- (iv) approximately S\$9.3 million (which is equivalent to 5.9% of the gross proceeds of the Rights Issue) for working capital of First REIT.

Based on the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking (as described in **paragraphs 9.7, 9.8 and 9.9** of this Letter to Unitholders respectively), the Manager expects that the minimum proceeds raised from the Rights Issue will be sufficient to meet First REIT's present funding requirements.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements via SGXNET on the utilisation of the proceeds from the Rights Issue as and when such funds are materially utilised and provide a status report on the use of the proceeds from the Rights Issue in the annual reports of First REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

9.11 Costs of the Rights Issue

If First REIT proceeds with the Rights Issue, the Manager estimates that First REIT will have to bear professional and other fees and expenses, of up to approximately S\$5.5 million.

10. RESOLUTION 2: THE PROPOSED WHITEWASH RESOLUTION

10.1 Introduction

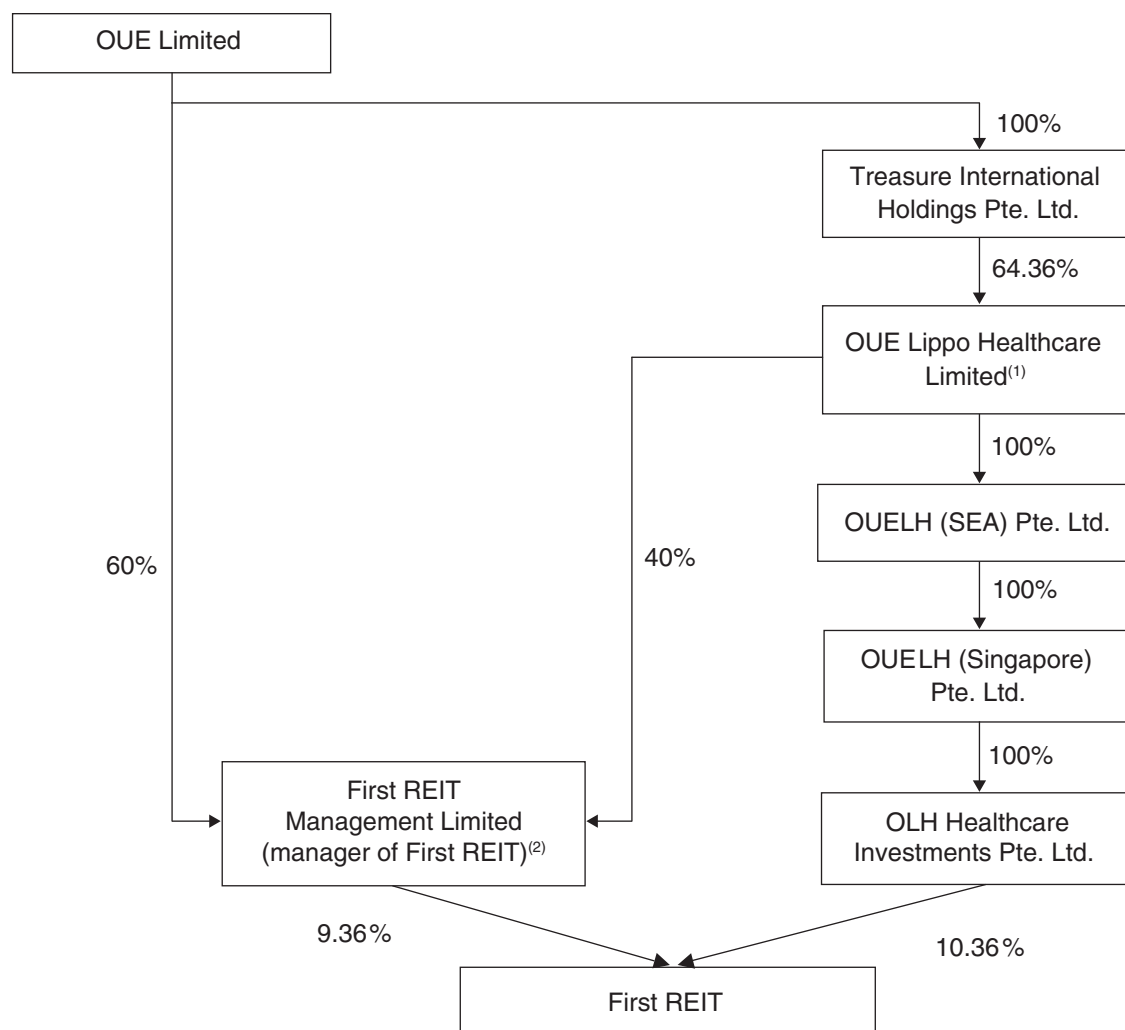
OUE holds 60.0% of the shares in FRML. In addition, OUE holds 100.0% of Treasure International Holdings Pte. Ltd., which in turn holds 64.36% of OUELH, which in turn holds 40.0% of FRML. OUELH is listed on Catalist of the SGX-ST.

FRML has a direct interest in 75,573,533 Units (or 9.36% of the total number of Units in issue).

OUELH owns 100.0% of OUELH (SEA) Pte. Ltd. ("**OUELH (SEA)**"), which owns 100.0% of OUELH (Singapore) Pte. Ltd. ("**OUELH (Singapore)**"), which owns 100.0% of OHI, which owns 83,593,683 Units (or 10.36% of the total number of Units in issue).

OUE, through its interest in FRML and OUELH, has deemed interests in 159,167,216 Units (or 19.72% of the total number of Units in issue).

A diagram illustrating the above information is as follows:



Notes:

(1) OUELH owns 100.0% of OUELH (SEA), which owns 100.0% of OUELH (Singapore), which owns 100.0% of OHI, which owns 83,593,683 Units (or 10.36% of the total number of Units in issue).

(2) FRML owns 75,573,533 Units (or 9.36% of the total number of Units in issue).

OUE, FRML, OUELH and OHI would be presumed to be concert parties.

10.2 Units acquired or to be acquired by CDPL and its concert parties

10.2.1 Units previously issued to the Manager in payment of management fees

Under paragraph 2 of Appendix 1 of the Takeover Code, a waiver in relation to Rule 14 of the Takeover Code will only be granted subject to certain conditions, including, pursuant to paragraphs 2(d)(i) and 2(d)(ii) of Appendix 1 of the Takeover Code, the condition that CDPL and its concert parties did not acquire or are not to acquire any Units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in this Circular) (i) during the period between the announcement of the proposal and the date the

Unitholders' approval is obtained for the Proposed Whitewash Resolution and (ii) in the six months prior to the announcement of the proposal but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to such issue.

In this respect, save for Units paid out as the Manager's management fee under the Trust Deed on 27 July 2020 and on 13 November 2020, CDPL and its concert parties have not acquired Units in the past six months preceding the date of this Circular.

10.2.2 Units to be issued under the Rights Issue

CDPL and its concert parties may subscribe for Rights Units to the extent that they are existing Unitholders, including applying for Excess Rights Units, subject to compliance with the Takeover Code and the Listing Manual.

Pursuant to the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking, FRML, OUELH and CDPL could potentially subscribe for 100.0% of the total number of the Rights Units. CDPL is not currently a Unitholder. Subject to the passing of the Proposed Whitewash Resolution at the EGM, CDPL will become an Eligible Unitholder by acquiring a nominal number of Units (for example, 100 Units) from FRML.

The Manager proposes to seek approval from the Independent Unitholders for a waiver of their right to receive a Mandatory Offer from CDPL, in the event that it incurs an obligation to make a Mandatory Offer to Unitholders for their Units as a result of the issue of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking.

Unitholders should note that by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a general offer from CDPL at the highest price paid by CDPL and its concert parties for Units in the six months preceding the commencement of the Rights Issue.

Unitholders should further note that the issue of the Rights Units to CDPL could result in the aggregated unitholding of CDPL and its concert parties exceeding 49% of the voting rights of First REIT, and accordingly, CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 of the Takeover Code to make a general offer.

10.3 Requirement to make Mandatory Offer

Based on the unitholding statistics as at the Latest Practicable Date, CDPL and its concert parties have an aggregate interest in 159,273,785 Units representing an interest of approximately 19.73% of the voting rights in First REIT.

Assuming that Unitholders other than FRML and OHI do not take up their *pro rata* entitlements and apply for Excess Rights Units under the Rights Issue, CDPL and its concert parties are expected to have an aggregate interest in approximately 950,336,785 Units representing an interest of approximately 59.46% of the total issued Units immediately upon the completion of the Rights Issue.

CDPL and its concert parties currently hold less than 30.0% of the voting rights in First REIT. Under Rule 14 of the Takeover Code, CDPL would be obliged to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties if it acquires whether by a series of transactions over a period of time or not, 30.0% or more of the total issued Units.

Subscription by and issuance to FRML and OHI of their respective allotted Rights Units pursuant to the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking shall not affect the aggregate interest (including deemed interest) of CDPL and its concert parties in Units since FRML and OHI are subscribing to their *pro rata* entitlements under the Rights Issue.

However, the issue of Rights Units to CDPL under the OUE Irrevocable Undertaking may result in the aggregate interest of CDPL and its concert parties in Units reaching the threshold of 30.0% or more of the total issued Units, and thereby trigger the requirement under Rule 14 of the Takeover Code for CDPL to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties.

The following table sets out the respective unitholdings of CDPL and its concert parties assuming that the total number of the Allotted Rights Units and the Excess Rights Units allotted to CDPL and its concert parties is equivalent to 100% of the total number of the Rights Units, being 791,063,000 Units.

Unitholdings of CDPL and its concert parties				
	Before the Rights Issue		Immediately after the issue and allotment of the Allotted Rights Units and the entirety of the Excess Rights Units to CDPL and its concert parties under the Rights Issue⁽¹⁾	
	No. of Units	%	No. of Units	%
Units in issue	807,206,351	100.0	1,598,269,351	100.0
Units held by CDPL and its concert parties	159,273,785	19.73	950,336,785	59.46
Units held by Unitholders other than CDPL and its concert parties	647,932,566	80.27	647,932,566	40.54

Note:

- (1) Assuming that the total number of the Allotted Rights Units and the Excess Rights Units allotted to CDPL and its concert parties is equivalent to 100% of the total number of the Rights Units, being 791,063,000 Units.

10.4 Application for waiver from Rule 14 of the Takeover Code

An application was made to the SIC for the waiver of the obligation of CDPL to make a Mandatory Offer under Rule 14.1(a) of the Takeover Code should the obligation to do so arise as a result of the allotment of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking. The SIC has granted the waiver, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of First REIT approve at a general meeting, before the issue of the Rights Units, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from CDPL and its concert parties;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) CDPL and its concert parties as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) CDPL and its concert parties did not acquire or are not to acquire any units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in the circular):
 - (a) during the period between the first announcement of the Rights Issue and the date Unitholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Rights Issue;
- (v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Proposed Whitewash Resolution;
- (vi) First REIT sets out clearly in its circular to Unitholders:
 - (a) details of the Rights Issue and the proposed issue of the Rights Units to CDPL;
 - (b) the dilution effect to existing Unitholders of voting rights upon the issue of the Rights Units to CDPL;
 - (c) the number and percentage of voting rights in First REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by CDPL and its concert parties at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be acquired by CDPL upon the issue of the Rights Units;
 - (e) specific and prominent reference to the possibility that the issue of the Rights Units to CDPL could result in CDPL and its concert parties holding Units carrying over 49% of the voting rights of First REIT and to the fact that CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 to make a general offer; and

- (f) specific and prominent reference to the fact that Unitholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from CDPL at the highest price paid by CDPL and its concert parties for the Units in the past six months preceding the commencement of the offer;
- (vii) the circular by First REIT to the Unitholders states that the waiver granted by the SIC to CDPL from the requirement to make a general offer under Rule 14 of the Takeover Code is subject to the conditions stated at sub-paragraphs 10.4(i) to 10.4(vi) above;
- (viii) First REIT obtains the SIC's approval in advance for those parts of the circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, approval of the Proposed Whitewash Resolution must be obtained within three months of the date of the email granting the waiver and the acquisition of the Rights Units by CDPL must be completed within three months of the date of the approval of the Proposed Whitewash Resolution.

Unitholders should note that by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a general offer from CDPL at the highest price paid by CDPL and its concert parties for Units in the six months preceding the commencement of the Rights Issue.

Unitholders should further note that the issue of the Rights Units to CDPL could result in the aggregated unitholding of CDPL and its concert parties exceeding 49% of the voting rights of First REIT, and accordingly, CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 of the Takeover Code to make a general offer.

For the information of Unitholders, immediately after the issue of the Rights Units (assuming that the total number of the Allotted Rights Units and the Excess Rights Units allotted to CDPL and/or its concert parties is 100% of the total number of the Rights Units), the aggregated unitholding of CDPL and its concert parties will be 59.46%.

Unitholders should also note that by voting for the Proposed Whitewash Resolution, Unitholders could also be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilutive effect resulting from the issue of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking.

11. RATIONALE FOR THE PROPOSED WHITEWASH RESOLUTION

The Proposed Whitewash Resolution is to allow CDPL to be issued the Rights Units pursuant to the OUE Irrevocable Undertaking. The rationale is set out as follows.

As explained in **paragraph 6.4** of this Letter to Unitholders, First REIT needs to make repayment of S\$140 million to its lenders to complete the refinancing of the 2018 Secured Loan Facilities and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021. The Manager intends to finance the S\$140 million from the Rights Issue and has tried but has not been able to find a financial institution which will commit to underwriting the Rights Issue at this stage.

Having explored various alternatives, and while the Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Rights Issue to be underwritten prior to the launch of the Rights Issue, the only viable option currently available to First REIT which provides certainty of a successful Rights Issue is to have CDPL provide full support for the Rights Issue in terms of taking up Units which are not subscribed for under the Rights Issue.

Further, the Manager is of the view that allowing CDPL to be issued the Rights Units will demonstrate the long-term commitment of OUE to First REIT. It will also further align the interests of OUE with Unitholders.

Accordingly, the Manager has procured the FRML Irrevocable Undertaking, the OUE LH Irrevocable Undertaking and the OUE Irrevocable Undertaking as part of its strategy to maximise the total amount raised through the Rights Issue while reducing the uncertainty surrounding the total proceeds to be obtained from the Rights Issue.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

12.1 Interests of the Directors of the Manager

As at the Latest Practicable Date, the details of the unitholdings of the Directors are as follows:

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	%(⁽¹⁾)
	No. of Units	%(⁽¹⁾)	No. of Units	%(⁽¹⁾)		
Mr Christopher James Williams	–	–	–	–	–	–
Mr Tan Kok Mian Victor	102,569	0.0127	–	–	102,569	0.0127
Mr Chan Pengee Adrian	–	–	–	–	–	–
Mr Ferris Charles Bye	–	–	–	–	–	–
Mr Tan Chuan Lye	–	–	–	–	–	–
Mr Martin Lechner	–	–	–	–	–	–
Ms Minny Riady	–	–	–	–	–	–

Note:

(1) Percentage interest is based on 807,206,351 Units in issue as at the Latest Practicable Date.

12.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	% ⁽¹⁾
	No. of Units held	% ⁽¹⁾	No. of Units held	% ⁽¹⁾		
FRML	75,573,533	9.3624	—	—	75,573,533	9.3624
OHI	83,593,683	10.3559	—	—	83,593,683	10.3559
OUELH (Singapore)	—	—	83,593,683 ⁽²⁾	10.3559	83,593,683	10.3559
OUELH (SEA)	—	—	83,593,683 ⁽²⁾	10.3559	83,593,683	10.3559
OUELH	—	—	159,167,216 ⁽²⁾⁽³⁾	19.7183	159,167,216	19.7183
OUE	—	—	159,167,216 ⁽²⁾⁽³⁾	19.7183	159,167,216	19.7183
OUE Realty Pte. Ltd. (“OUER”)	—	—	159,167,216 ⁽⁴⁾	19.7183	159,167,216	19.7183
Golden Concord Asia Limited (“GCAL”)	—	—	159,167,216 ⁽⁵⁾	19.7183	159,167,216	19.7183
Fortune Crane Limited (“FCL”, formerly known as Fortune Code Limited)	—	—	159,167,216 ⁽⁶⁾	19.7183	159,167,216	19.7183
Lippo ASM Asia Property Limited (“LAAPL”)	—	—	159,167,216 ⁽⁷⁾	19.7183	159,167,216	19.7183
HKC Property Investment Holdings Limited (“HKC Property”)	—	—	159,167,216 ⁽⁸⁾	19.7183	159,167,216	19.7183
Hongkong Chinese Limited (“HCL”)	—	—	159,167,216 ⁽⁹⁾	19.7183	159,167,216	19.7183
Hennessy Holdings Limited (“Hennessy”)	—	—	159,167,216 ⁽¹⁰⁾	19.7183	159,167,216	19.7183
Prime Success Limited (“PSL”)	—	—	159,167,216 ⁽¹¹⁾	19.7183	159,167,216	19.7183
Lippo Limited (“LL”)	—	—	159,167,216 ⁽¹²⁾	19.7183	159,167,216	19.7183
Lippo Capital Limited (“LCL”)	—	—	159,167,216 ⁽¹³⁾	19.7183	159,167,216	19.7183
Lippo Capital Holdings Company Limited (“LCH”)	—	—	159,167,216 ⁽¹⁴⁾	19.7183	159,167,216	19.7183
Lippo Capital Group Limited (“LCG”)	—	—	159,167,216 ⁽¹⁵⁾	19.7183	159,167,216	19.7183
Admiralty Station Management Limited (“Admiralty”)	—	—	159,167,216 ⁽¹⁶⁾	19.7183	159,167,216	19.7183
Argyle Street Management Limited (“ASML”)	—	—	159,167,216 ⁽¹⁷⁾	19.7183	159,167,216	19.7183

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units held	%(1)	No. of Units held	%(1)		
Argyle Street Management Holdings Limited ("ASMHL")	–	–	159,167,216 ⁽¹⁸⁾	19.7183	159,167,216	19.7183
Kin Chan	–	–	159,167,216 ⁽¹⁹⁾	19.7183	159,167,216	19.7183
V-Nee Yeh	–	–	159,167,216 ⁽²⁰⁾	19.7183	159,167,216	19.7183
PT Trijaya Utama Mandiri ("PT TUM")	–	–	159,167,216 ⁽²¹⁾	19.7183	159,167,216	19.7183
James Tjahaja Riady	–	–	159,167,216 ⁽²²⁾	19.7183	159,167,216	19.7183
Stephen Riady	–	–	159,167,216 ⁽²³⁾	19.7183	159,167,216	19.7183

Notes:

- (1) Percentage interest is based on 807,206,351 Units in issue as at the Latest Practicable Date.
- (2) OHI is 100% owned by OUELH (Singapore). OUELH (Singapore) is 100% owned by OUELH (SEA). OUELH (SEA) is 100% owned by OUELH. OUELH is an indirect subsidiary of OUE. Accordingly, each of OUE, OUELH, OUELH (SEA) and OUELH (Singapore) is deemed to be interested in OHI's interest in the Units.
- (3) FRML is 40% directly held by OUELH and 60% directly held by OUE. Accordingly, each of OUELH and OUE has a deemed interest in FRML's interest in the Units.
- (4) OUER is the holding company of OUE and has a deemed interest in the Units in which OUE has a deemed interest.
- (5) GCAL is the holding company of OUER and has a deemed interest in the Units in which OUER has a deemed interest.
- (6) FCL is the holding company of GCAL and has a deemed interest in the Units in which GCAL has a deemed interest.
- (7) LAAPL is the holding company of FCL and has a deemed interest in the Units in which FCL has a deemed interest.
- (8) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (9) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (10) Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (11) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (12) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (13) LCL is an intermediate holding company of HKC Property. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (14) LCH is an intermediate holding company of HKC Property. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (15) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (16) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (17) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.
- (18) ASMHL is the holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
- (19) Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Kin Chan is deemed to have an interest in the Units in which ASMHL has a deemed interest.

- (20) V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, V-Nee Yeh is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (21) PT TUM holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property. Accordingly, PT TUM is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (22) Mr James Tjahaja Riady effectively holds all the shares in PT TUM, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (23) Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest.

Save as otherwise disclosed in this Circular and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Proposed LPKR MLA Restructuring.

13. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed LPKR MLA Restructuring or any other transactions contemplated in relation to the Proposed LPKR MLA Restructuring.

14. IMPACT ON VALUATION

The Trustee has appointed C&W¹ and the Manager has appointed Knight Frank as independent valuers to assess the impact of the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring on the valuations of Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang (the “**MPU Hospitals**”) and the LPKR Hospitals. A summary of the valuation impact is presented in the following table, with a detailed asset-by-asset breakdown thereafter.

Summary of Valuation Impact

Description	Valuations as at 31 Dec 2019		Valuations based on MPU MLA Restructuring Terms ²		Valuations based on MPU MLA Restructuring Terms and Proposed LPKR MLA Restructuring Terms ²	
	S\$'000	% ³	S\$'000	% ³	S\$'000	% ³
LPKR Hospitals affected by the Proposed LPKR MLA Restructuring ⁴	994,023	74.1%	994,023	77.3%	654,060	69.4%

1 C&W was appointed to value Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo in the financial year ended 31 December 2018 and FY2019. Therefore, C&W has been appointed to value Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo for a third consecutive financial year.

2 Based on adopted value being the higher of C&W valuation and Knight Frank valuation as at 2 November 2020.

3 This refers to percentage of the total portfolio value.

4 Includes Siloam Hospitals Yogyakarta, Siloam Hospitals Buton (excluding Lippo Plaza Buton), Siloam Hospitals Labuan Bajo, Siloam Hospitals Bali, Siloam Hospitals Tb Simatupang, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Surabaya.

Description	Valuations as at 31 Dec 2019		Valuations based on MPU MLA Restructuring Terms ²		Valuations based on MPU MLA Restructuring Terms and Proposed LPKR MLA Restructuring Terms ²	
	S\$'000	% ³	S\$'000	% ³	S\$'000	% ³
Properties integrated with the LPKR Hospitals (being Hotel Aryaduta Manado)	40,135 ¹	3.0%	40,135 ⁴	3.1%	37,200	3.9%
MPU Hospitals affected by the MPU MLA Restructuring ²	124,100	9.3%	68,450	5.3%	68,450	7.3%
Other Indonesian properties of First REIT not affected by the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring ³	139,942	10.4%	139,942	10.9%	139,942	14.9%
Singapore and South Korea properties of First REIT not affected by the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring ⁴	42,580	3.2%	42,580	3.3%	42,580	4.5%
Total	1,340,780	100.0%	1,285,130	100.0%	942,232	100.0%

1 The values of Siloam Hospitals Manado and Hotel Aryaduta Manado as at 31 December 2019 are illustrated here by apportioning the value of the Manado Property which comprises Siloam Hospitals Manado and Hotel Aryaduta Manado based on their respective GFAs.

2 Includes Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Sriwijaya and Siloam Hospitals Purwakarta.

3 Includes Lippo Plaza Kupang (excluding Siloam Hospitals Kupang), Lippo Plaza Buton (excluding Siloam Hospitals Buton), Siloam Hospitals Lippo Cikarang and Imperial Aryaduta Hotel & Country Club.

4 Includes Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lantor Residence and Sarang Hospital.

Asset-by-Asset Breakdown

No.	Name	Valuation as at 31 Dec 2019 ⁽¹⁾ (S\$'000)	Market Value based on the Proposed LPKR MLA Restructuring terms and the MPU MLA Restructuring terms (As at 2 November 2020)		
			C&W (S\$'000)	Knight Frank (S\$'000)	Adopted Value ⁽²⁾ (S\$'000)
(A) LPKR Hospitals affected by the Proposed LPKR MLA Restructuring					
1	Siloam Hospitals Yogyakarta	27,100	19,900	19,287	19,900
2	Siloam Hospitals Buton (excluding Lippo Plaza Buton)	16,158	12,300	12,247	12,300
3	Siloam Hospitals Labuan Bajo	20,900	11,080	11,321	11,080
4	Siloam Hospitals Bali	124,400	62,460	61,602	62,460
5	Siloam Hospitals TB Simatupang	118,900	41,560	40,227	41,560
6	Siloam Hospitals Manado (excluding Hotel Aryaduta Manado)	62,965 ⁽³⁾	39,910	39,790	39,910
7	Siloam Hospitals Makassar	73,300	65,450	66,234	65,450
8	Mochtar Riady Comprehensive Cancer Centre	266,300	125,750	121,572	125,750
9	Siloam Hospitals Lippo Village	162,400	162,580	162,313	162,580
10	Siloam Hospitals Kebon Jeruk	93,700	73,160	68,576	73,160
11	Siloam Hospitals Surabaya	27,900	39,910	40,469	39,910
LPKR Hospitals Subtotal (A)		994,023	654,060	643,638	654,060
(B) Properties integrated with the LPKR Hospitals					
6a	Hotel Aryaduta Manado	40,135 ⁽³⁾	37,200 ⁽⁴⁾	35,678 ⁽⁴⁾	37,200 ⁽⁴⁾
Hotel Aryaduta Manado Subtotal (B)		40,135 ⁽³⁾	37,200 ⁽⁴⁾	35,678 ⁽⁴⁾	37,200 ⁽⁴⁾
(C) MPU Hospitals affected by the MPU MLA Restructuring					
12	Siloam Hospitals Kupang (excluding Lippo Plaza Kupang)	40,800	21,270	21,228	21,270
13	Siloam Sriwijaya	41,300	24,470	22,855	24,470
14	Siloam Hospitals Purwakarta	42,000	22,710	23,743	22,710
MPU Hospitals Subtotal (C)		124,100	68,450	67,825	68,450
LPKR Hospitals, MPU Hospitals and Hotel Aryaduta Manado Subtotal (A) + (B) + (C)		1,158,258	759,710	747,141	759,710

(D) Other Indonesian properties of First REIT not affected by the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring⁽⁵⁾		
No.	Name	Valuation as at 31 Dec 2019 (S\$'000)
15	Siloam Hospitals Lippo Cikarang	53,500
16	Imperial Aryaduta Hotel & Country Club	41,000
2a	Lippo Plaza Buton (excluding Siloam Hospitals Buton)	12,542
12a	Lippo Plaza Kupang (excluding Siloam Hospitals Kupang)	32,900
Other Properties Subtotal (D)		139,942
Indonesia Portfolio Grand Total (A) + (B) + (C) + (D)		899,652
(E) Singapore and South Korea properties of First REIT not affected by the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring⁽⁵⁾		
No.	Name	Valuation as at 31 Dec 2019 (S\$'000)
17	Pacific Healthcare Nursing Home @ Bukit Merah	9,400
18	Pacific Healthcare Nursing Home II @ Bukit Panjang	9,600
19	The Lantor Residence	15,500
20	Sarang Hospital	8,080
Singapore and South Korea Properties Subtotal (E)		42,580
Adopted Value for First REIT Portfolio Grand Total⁽⁶⁾ (A) + (B) + (C) + (D) + (E)		942,232
Notes: (1) First REIT's portfolio was valued at S\$1,340.8 million as at 31 December 2019, as announced on 29 January 2020. (2) The adopted value(s) for the LPKR Hospitals affected by the Proposed LPKR MLA Restructuring, Properties integrated with the LPKR Hospitals and MPU Hospitals affected by the MPU MLA Restructuring is the higher of C&W valuation and Knight Frank valuation as at 2 November 2020. (3) The values of Siloam Hospitals Manado and Hotel Aryaduta Manado as at 31 December 2019 are illustrated here by apportioning the value of the Manado Property which comprises Siloam Hospitals Manado and Hotel Aryaduta Manado based on their respective gross floor areas. (4) The Independent Valuers have valued Hotel Aryaduta Manado in accordance with the terms set out in the supplemental MLA in respect of Hotel Aryaduta Manado. (5) The valuations of the other properties of First REIT not affected by the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are premised on the FY2019 annual valuation exercise that concluded at the end of FY2019 and subsequently announced on 29 January 2020. (6) The adopted value is based on the adopted market values of the LPKR Hospitals and Hotel Aryaduta Manado according to the Proposed LPKR MLA Restructuring terms amounting to S\$654,060,000 and S\$37,200,000 respectively, the adopted market values of the MPU Hospitals according to the MPU MLA Restructuring terms amounting to S\$68,450,000, the other Indonesian properties of First REIT not affected by the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring with a valuation of S\$139,942,000 as at 31 December 2019, as well as the Singapore and South Korea properties of First REIT not affected by the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring with a valuation of S\$42,580,000. Minor difference in values may exist due to rounding.		

15. **PRO FORMA FINANCIAL EFFECTS OF THE MPU MLA RESTRUCTURING, THE PROPOSED LPKR MLA RESTRUCTURING AND THE RIGHTS ISSUE**

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue presented below are strictly for illustrative purposes only and are prepared based on the FY2019 Audited Consolidated Financial Statements and the unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2020 (the “**1H2020 Unaudited Consolidated Financial Statements**”) and assuming:

- (i) a one-off master lease restructuring cost of S\$3.4 million;
- (ii) 791,063,000 Right Units will be issued on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date at an issue price of S\$0.20 per Rights Unit to raise gross proceeds of approximately S\$158.2 million;
- (iii) S\$140 million of the gross proceeds of the Rights Issue is to be used to repay part of the 2018 Secured Loan Facilities; and
- (iv) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2019 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of this Circular.

15.1 **FY2019**

15.1.1 **Pro Forma DPU**

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue on the distributions per Unit (“**DPU**”) and DPU yield for FY2019, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 1 January 2019 are as follows:

	FY2019			
	Before the Proposed LPKR MLA Restructuring ⁽¹⁾	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
Rental and other income (S\$'000)	115,297	83,012	77,550	77,550
Net property and other income (S\$'000)	112,894	80,609	75,147	75,147
Distributable Income (S\$'000)	68,463	39,804	35,523	41,263
Units in issue and to be issued ⁽²⁾	799,992,974	799,992,974	799,992,974	1,591,055,974
DPU (cents) ⁽²⁾	8.60	4.98 ⁽³⁾	4.44 ⁽⁴⁾	2.59 ⁽⁵⁾

	Before the Proposed LPKR MLA Restructuring ⁽¹⁾	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.41)	–	12.1 ⁽⁶⁾	10.8 ⁽⁷⁾	–
DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	9.7 ⁽⁸⁾	5.6 ⁽⁹⁾	5.0 ⁽¹⁰⁾	–
DPU Yield (%) based on indicative Issue Price (S\$0.20) ⁽¹¹⁾	–	–	–	13.0
DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) (S\$0.31) ⁽¹²⁾	–	–	–	8.5

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 7,213,377 Units issued from 1 January 2020 to the date preceding the date of this Circular.
- (3) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 5.40 cents.
- (4) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 4.86 cents.
- (5) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 2.81 cents.
- (6) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 13.2%.
- (7) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 11.9%.
- (8) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (9) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 6.1%.

- (10) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 5.5%.
- (11) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 14.1%.
- (12) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 9.2%.

15.1.2 *Pro Forma* NAV per Unit

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue on the NAV per Unit as at 31 December 2019, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 31 December 2019 are as follows:

As at 31 December 2019				
	Before the Proposed LPKR MLA Restructuring ⁽¹⁾	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
NAV (S\$'000)	794,836	461,074	412,815	571,230
Units in issue and to be issued ⁽²⁾	797,674,515	797,674,515	797,674,515	1,588,737,515 ⁽³⁾
NAV per Unit (cents)	99.64	57.80	51.75	35.95
Leverage ratio	34.5%	45.4%	47.9%	33.9%

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 9,531,836 Units issued from 1 January 2020 to the date preceding the date of this Circular.
- (3) Taking into account the issue of 791,063,000 Rights Units.

15.1.3 *Pro Forma* Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2019, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 31 December 2019.

As at 31 December 2019				
	Actual ⁽¹⁾	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue ⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Short-term debt:				
Unsecured	—	—	—	—

As at 31 December 2019

	Actual ⁽¹⁾	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue ⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Secured	–	–	–	–
Total short-term debt	–	–	–	–
Long-term debt:				
Unsecured	–	–	–	–
Secured	486,410	486,410	486,410	346,410
Total long-term debt	486,410	486,410	486,410	346,410
Total Debt	486,410	486,410	486,410	346,410
Unitholders funds	794,836	461,074	412,815	571,230
Perpetual securities holders' fund	60,878	60,878	60,878	60,878
Total Capitalisation	1,342,124	1,008,362	960,103	978,518

Notes:

(1) Based on the FY2019 Audited Consolidated Financial Statements.

(2) Taking into account the issue of 791,063,000 Rights Units.

15.2 1H2020

15.2.1 Pro Forma DPU

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue on the DPU and DPU yield for 1H2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 1 January 2020 are as follows:

	1H2020 ⁽¹⁾			
	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
Rental and other income (S\$'000)	38,598	27,924	26,119	26,119

	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
Net property and other income (S\$'000)	37,528	26,854	25,049	25,049
Distributable income (S\$'000)	18,435	7,195	5,860	8,730
Units in issue and to be issued ⁽²⁾	804,523,401	804,523,401	804,523,401	1,595,586,401
DPU (cents) ⁽²⁾	2.30	0.89 ⁽³⁾	0.73 ⁽⁴⁾	0.55 ⁽⁵⁾
Annualised DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.41)	—	4.3 ⁽⁶⁾	3.6 ⁽⁷⁾	—
Annualised DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	5.2 ⁽⁸⁾	2.0 ⁽⁹⁾	1.6 ⁽¹⁰⁾	—
Annualised DPU Yield (%) based on indicative Issue Price (S\$0.20) ⁽¹¹⁾	—	—	—	5.5
Annualised DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) (S\$0.31) ⁽¹²⁾	—	—	—	3.6

Notes:

- (1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.
- (2) The Units in issue and to be issued do not include the Units 2,682,950 issued from 1 July 2020 to the date preceding the date of this Circular.
- (3) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.31 cents.
- (4) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.15 cents.
- (5) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 0.76 cents.
- (6) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 6.4%.

- (7) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.6%.
- (8) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (9) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 3.0%.
- (10) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 2.6%.
- (11) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 7.6%.
- (12) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.0%.

15.2.2 *Pro Forma* NAV per Unit

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue on the NAV per Unit as at 30 June 2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 30 June 2020 are as follows:

As at 30 June 2020 ⁽¹⁾				
	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
NAV (S\$'000)	778,150	444,388	396,129	551,674
Units in issue and to be issued ⁽²⁾	802,343,424	802,343,424	802,343,424	1,593,406,424 ⁽³⁾
NAV per Unit (cents)	96.98	55.39	49.37	34.62
Leverage ratio	34.9%	46.1%	48.6%	34.4%

Notes:

- (1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.
- (2) The Units in issue and to be issued do not include the 4,862,927 Units issued from 1 July 2020 to the date preceding the date of this Circular.
- (3) Taking into account the issue of 791,063,000 Rights Units.

15.2.3 *Pro Forma* Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 30 June 2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue were completed on 30 June 2020.

As at 30 June 2020⁽¹⁾

	Actual	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue ⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Short-term debt:				
Unsecured	–	–	–	–
Secured	195,670	195,670	195,670	195,670
Total short-term debt	195,670	195,670	195,670	195,670
Long-term debt:				
Unsecured	–	–	–	–
Secured	292,917	292,917	292,917	152,917
Total long-term debt	292,917	292,917	292,917	152,917
Total Debt	488,587	488,587	488,587	348,587
Unitholders funds	778,150	444,388	396,129	551,674
Perpetual securities holders' fund	60,859	60,859	60,859	60,859
Total Capitalisation	1,327,596	993,834	945,575	961,120

Notes:

(1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.

(2) Taking into account the issue of 791,063,000 Rights Units.

16. ADVICE OF THE IFA

16.1 The Proposed LPKR MLA Restructuring

The Independent Committee has appointed the IFA to advise the Independent Committee, the Audit and Risk Committee and the Trustee in relation to the Proposed LPKR MLA Restructuring. A copy of the IFA Letter is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the terms of reference set out therein, the IFA is of the opinion that, on balance, the Proposed LPKR MLA Restructuring being an Interested Person Transaction is on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors, the Audit and Risk Committee and the Independent Committee to recommend independent Unitholders to vote in favour of the resolution in connection with the Proposed LPKR MLA Restructuring to be proposed at the EGM.

16.2 The Proposed Whitewash Resolution

The Independent Committee has appointed the IFA to advise the Independent Committee, the Audit and Risk Committee and the Trustee in relation to the Proposed Whitewash Resolution. A copy of the IFA Letter is set out in **Appendix C** of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the terms of reference set out therein, the IFA is of the opinion that (i) the terms of the Rights Issue, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable and (ii) the Proposed Whitewash Resolution is fair and reasonable.

Accordingly, the IFA has advised the Independent Directors, the Audit and Risk Committee and the Independent Committee to recommend Independent Unitholders to vote in favour of the Proposed Whitewash Resolution to be proposed at the EGM.

17. RECOMMENDATIONS

17.1 The Proposed LPKR MLA Restructuring

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Proposed LPKR MLA Restructuring as set out in **paragraph 6** of this Letter to Unitholders, the Independent Committee and the Audit and Risk Committee believe that the Proposed LPKR MLA Restructuring is based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Committee and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution relating to the Proposed LPKR MLA Restructuring.

17.2 The Proposed Whitewash Resolution

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix C** of this Circular) and the rationale for the Proposed Whitewash Resolution as set out in **paragraph 11** of this Letter to Unitholders, the Independent Committee and the Audit and Risk Committee believe that the Proposed Whitewash Resolution is fair and reasonable.

Accordingly, the Independent Committee and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the Proposed Whitewash Resolution.

18. EXTRAORDINARY GENERAL MEETING

18.1 Background on COVID-19

The Manager refers to:

- (i) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed entities in Singapore to, inter alia, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and

- (ii) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 (as amended), and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts.

18.2 Date, time and conduct of EGM

The EGM will be convened and held by way of electronic means on Tuesday, 19 January 2021 at 2:30 p.m. (Singapore time) for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages F-1 to F-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions.

Approval by way of Ordinary Resolution is required in respect of Resolution 1 and Resolution 2.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by CDP as at 72 hours before the time fixed for the EGM.

The Lead Independent Director of the Board, Mr Chan Pengee Adrian, and the Executive Director and Chief Executive Officer, Mr Tan Kok Mian Victor, will conduct the proceedings of the EGM. The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM from Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on First REIT's website and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on First REIT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

Unitholders will not be able to ask questions at the EGM "live" during the audio-visual webcast or audio-only stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the EGM.

19. ABSTENTIONS FROM VOTING

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 159,167,216 (or approximately 19.72%) of the Units.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that LPKR, a company in which Dr Stephen Riady and Mr James Tjahaja Riady each has an interest of 30% or more, will enter into the supplemental MLAs under the Proposed LPKR MLA Restructuring, each of Dr Stephen Riady and Mr James Tjahaja Riady and their associates (including OUE, OUELH and the Manager) will abstain from voting on Resolution 1 (the Proposed LPKR MLA Restructuring). Further, each of Dr Stephen Riady and Mr James Tjahaja Riady will not and will procure that their associates (including OUE, OUELH and the Manager) will not, accept appointments as proxies unless specific instructions as to voting are given.

For the purpose of good corporate governance, as Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director, are non-independent Directors, they will each abstain from voting on Resolution 1 (the Proposed LPKR MLA Restructuring) in respect of Units (if any) held by them and will not accept appointments as proxies unless specific instructions as to voting are given.

Further, pursuant to the waiver from the SIC in relation to the Proposed Whitewash Resolution, CDPL and its concert parties as well as parties not independent of them are required to and will abstain from voting on the Proposed Whitewash Resolution.

20. ACTIONS TO BE TAKEN BY UNITHOLDERS

20.1 Circular, Notice of Extraordinary General Meeting and Proxy Form

The Circular, the Notice of Extraordinary General Meeting and a Proxy Form has been sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html, and is also available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

The Independent Directors wish to advise the Unitholders to please read the Circular, the Notice of Extraordinary General Meeting and the Proxy Form carefully, including but not limited to, **paragraphs 6, 9.10, 11 and 15** of this Letter to Unitholders.

20.2 Alternative arrangements for participation in the Extraordinary General Meeting

Unitholders may participate in the EGM by:

- (i) observing and/or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream;
- (ii) submitting questions in advance of the EGM; and/or
- (iii) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the EGM.

A Unitholder (whether individual or corporate) who has Units entered against his/her/its name in (a) the Register of Unitholders; or (b) the Depository Register as at the cut-off time being 72 hours prior to the time of the EGM (being the time at which the name of the Unitholder must appear in the Register of Unitholders or the Depository Register, in order for him/her/it to be considered to have Units entered against his/her/its name in the said Registers), shall be entitled to attend (via electronic means), submit questions in advance and vote by proxy at the EGM.

In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are requested to complete the Proxy Form in accordance with the instructions therein and submit it to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- (a) if submitted electronically, be submitted via email to the Unit Registrar at FREGM2021@boardroomlimited.com; or
- (b) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623,

in either case, by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021, being 72 hours before the time fixed for the EGM.

All Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights must appoint the Chairman of the Meeting as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the Meeting as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

20.3 Steps for pre-registration and pre-submission of questions and voting at the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings through a “live” audio-visual webcast or “live” audio-only stream by pre-registering, submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM and vote by appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps in accordance with the dates/deadlines specified:

Pre-registration		
No.	Steps	Dates/Deadlines
1.	Unitholders must pre-register for the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021 to enable the Manager to verify their status as Unitholders.	Pre-registration by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.
2.	Following the verification, authenticated persons will receive an email which will contain user ID and password details, as well as instructions on how to access the “live” audio-visual webcast and a toll-free telephone number to access the “live” audio-only stream of the EGM proceedings (the “ Confirmation Email ”).	Unitholders who do not receive the Confirmation Email by 2:30 p.m. (Singapore time) on Monday, 18 January 2021 but have registered by the deadline at 2:30 p.m. (Singapore time) on Saturday, 16 January 2021 should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6230 9531 or email at FREGM2021@boardroomlimited.com .

Submission of Questions		
No.	Steps	Dates/Deadlines
1.	Unitholders (whether individual or corporate) may submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM, in the following manner: (a) if submitted electronically, be submitted: (i) via the pre-registration website at the URL https://www.first-reit.com/ir_egm.html; or (ii) via email by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and sending the same to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2021@boardroomlimited.com; (b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and sending the same by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, in any case, by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.	All questions must be submitted by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021. The Manager will endeavour to address all substantial and relevant questions received in advance of the EGM from Unitholders, prior to or during the EGM. The Manager will publish the responses to the substantial and relevant questions which the Manager is unable to address during the EGM, on First REIT's website and on SGXNET prior to the EGM. The Manager will publish the minutes of the EGM on First REIT's website and on SGXNET within one month from the date of the EGM, and the minutes will include the responses to the substantial and relevant questions which are addressed during the EGM.

Submission of Proxy Form to Vote		
No.	Steps	Dates/Deadlines
1.	A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Proxy Form is available for download at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements. Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.	–
2.	The Proxy Form must be submitted in the following manner: (a) if submitted electronically, be submitted via email to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2021@boardroomlimited.com; or (b) if in hard copy submitted by post, be lodged at First REIT's Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, in either case not later than 2:30 p.m. (Singapore time) on Saturday, 16 January 2021. A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.	Proxy Forms to reach the Unit Registrar by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.

20.4 Unitholders who hold Units through relevant intermediaries

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through “live” audio-visual webcast or “live” audio-only stream and/or (b) submitting questions in advance of the EGM should refer to paragraph 20.3 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Thursday, 7 January 2021, being seven (7) working days before the date of the EGM.

20.5 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT’s website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the EGM.

21. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed LPKR MLA Restructuring, the Rights Issue, the Proposed Whitewash Resolution, First REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

22. SOLE FINANCIAL ADVISER’S RESPONSIBILITY STATEMENT

To the best of the Sole Financial Adviser’s knowledge and belief, save for the information set out in paragraphs 5, 6.2, 8, 10, 12, 13, 19 and 25 of this Letter to Unitholders and Appendix C, Appendix D and Appendix E to this Circular, this Circular constitutes full and true disclosure of all material facts about the Proposed LPKR MLA Restructuring, First REIT and its subsidiaries, and the Sole Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

23. CONSENTS

Each of the Sole Financial Adviser, the IFA, the Independent Valuers and the Independent Market Research Consultant has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Valuation Certificates and the Independent Market Research Report, and all references thereto, in the form and context in which they appear in this Circular.

24. CERTAIN WRITTEN UNDERTAKINGS FROM THE MANAGER

The Manager has provided written undertakings to the SGX-ST that:

- (i) it will provide updates in First REIT's annual report regarding the status of the restructured LPKR MLAs (for as long as they are in place) including whether there have been any material delays in the collection of the lease payments from the master lessees and/or draw down of the security deposits/enforcement of the bank guarantees due to failure by the master lessees to fulfil their payment obligations;
- (ii) it will make timely announcement of any material late rental payment by the master lessees and/or draw down of the security deposits/enforcement of the bank guarantees by the Manager;
- (iii) it will consult the Trustee in the event that there is any material delay in the master lessees' ability to fulfil their payment obligations and/or any proposed waiver to their payment obligations, and an immediate announcement on the matter would be made;
- (iv) on an annual basis and where there are changes to the financial and/or credit standing of the financial institutions, or a change of financial institutions providing the bank guarantees or escrow arrangement, the Audit and Risk Committee must be satisfied that the standing of bank guarantees provided has not been diminished arising from the changes;
- (v) it will announce the impending expiry of the restructured LPKR MLAs at least a year prior to the expiry and/or any plans for the renewal of the restructured LPKR MLAs;
- (vi) it will make an immediate announcement if any of the restructured LPKR MLAs end prior to the stated expiry and/or the restructured LPKR MLAs would not be renewed;
- (vii) it will provide in First REIT's annual reports and full year financial results during the period of the restructured LPKR MLAs with the master lessees information on:
 - (a) the status of the duration of the restructured LPKR MLAs remaining until the date on which the restructured LPKR MLAs would expire and/or be subject to renewal (as relevant);
 - (b) any material delays in the receipt of the rental payments by the master lessees and how it has dealt with such delays;
 - (c) the status of the security deposits/bank guarantees (including any draw down of such instruments and whether such amounts drawn down have been replenished by the master lessee); and
 - (d) the financial standing of the institution providing the bank guarantees/escrow arrangements for the security deposits; and

(viii) the terms of reference of the Audit and Risk Committee will include:

- (a) oversight of the undertakings and confirmations mentioned under **paragraph 4.4** and **paragraphs 24(i) to (vii)** of this Letter to Unitholders as well as oversight of the confirmation that the full amount of security deposits under the terms of the existing LPKR MLAs and under the terms of the restructured LPKR MLAs have been provided; and
- (b) a half-yearly review on the financial ability of the master lessees to fulfil their payment obligations under the restructured LPKR MLAs, including whether the master lessees have been making the rental payments in a timely manner and whether there are material adverse matters, including the master lessees' credit rating which may affect the master lessees' financial standing and consequently their ability to meet the rental obligations under the restructured LPKR MLAs, where applicable.

25. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager located 333 Orchard Road #33-02 Singapore 238867 from the date of this Circular up to and including the date falling three months after the date of this Circular¹:

- (a) the LPKR MOU;
- (b) the IFA Letter;
- (c) the full valuation report issued by C&W in respect of the LPKR Hospitals;
- (d) the full valuation report issued by Knight Frank in respect of the LPKR Hospitals;
- (e) the FY2019 Audited Consolidated Financial Statements;
- (f) the 1H2020 Unaudited Consolidated Financial Statements;
- (g) the Independent Market Research Report by the Independent Market Research Consultant; and
- (h) the letters of consent from each of the Sole Financial Adviser, the IFA, the Independent Valuers and the Independent Market Research Consultant.

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

Yours faithfully
FIRST REIT MANAGEMENT LIMITED
(as manager of First Real Estate Investment Trust)
(Company registration number: 200607070D)

Mr Tan Kok Mian Victor
Executive Director and Chief Executive Officer

¹ Prior appointment with the Manager (telephone: +65 6435 0168 or email: ir@first-reit.com) must be made to schedule the inspection.

IMPORTANT NOTICE

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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.

The Trustee is not required to and therefore does not opine on the commercial merits of the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution. In this regard, under the Trust Deed, the Manager alone shall have absolute discretion to determine, and it would be the duty of the Manager to recommend or propose to the Trustee, the terms on which the MLAs would be restructured and whether the Proposed LPKR MLA Restructuring should be effected by First REIT. As the Proposed LPKR MLA Restructuring is an Interested Person Transaction and an Interested Party Transaction, Unitholders' approval for the Proposed LPKR MLA Restructuring must also be obtained at the EGM in compliance with the requirements of the Listing Manual and the Property Funds Appendix. If the Ordinary Resolutions in relation to the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution are passed, the Trustee would be bound to comply with the directions of the Unitholders and proceed with the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution in accordance with the Ordinary Resolutions. When so acting in accordance with the directions of the Unitholders, the Trustee would not be responsible to any Unitholder.

The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This Circular 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.

If you have sold or transferred all your Units, you should immediately inform the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form) may be accessed at First REIT's website at https://www.firstreit.com/ir_egm.html and is also available on the website of the SGX-ST at www.sgx.com/securities/company-announcements.

This Circular is not for distribution, directly or indirectly, in or into the U.S.. It is not an offer of securities for sale into the U.S.. The Units may not be offered or sold in the U.S. or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the U.S. Securities Act of 1933, as amended) unless they are registered or exempt from registration. There will be no public offer of securities in the U.S..

GLOSSARY

In this Circular, the following definitions apply throughout unless the context otherwise requires:

“%”	:	Per centum or percentage.
“1H2020”	:	The first six-month period of FY2020 from 1 January 2020 to 30 June 2020.
“1H2020 Unaudited Consolidated Financial Statements”	:	The unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2020.
“2018 Secured Loan Facilities”	:	Syndicated loan facilities of up to S\$400 million, out of which S\$196.6 million is due on 1 March 2021, with the remaining repayable in March 2022 and March 2023.
“2019 Secured Loan Facility”	:	A syndicated loan facility of up to S\$100 million, which is due in May 2022.
“2Q2020”	:	The second quarter of FY2020 from 1 April 2020 to 30 June 2020.
“3Q2020”	:	The third quarter of FY2020 from 1 July 2020 to 30 September 2020.
“4Q2020”	:	The fourth quarter of FY2020 from 1 October 2020 to 31 December 2020.
“9M2020”	:	The first nine months of FY2020 from 1 January 2020 to 30 September 2020.
“Admiralty”	:	Admiralty Station Management Limited.
“Allotted Rights Units”	:	The FRML Allotted Rights Units and the OHI Allotted Rights Units, together.
“ARSSI”	:	The Indonesian Private Hospital Association.
“ASMHL”	:	Argyle Street Management Holdings Limited.
“ASML”	:	Argyle Street Management Limited.
“Assignment of Proceeds”	:	The assignment of proceeds, pursuant to which each of the owners/master lessors of the Secured Properties in Indonesia have assigned by way of security its respective rights, title and interest to the receivables and proceeds under the relevant MLAs and the relevant security deposits.
“Audit and Risk Committee”	:	The audit and risk committee of the Manager.

“Board”	:	The board of directors of the Manager.
“C&W”	:	Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.
“CDP”	:	The Central Depository (Pte) Limited.
“CDPL”	:	Clifford Development Pte. Ltd..
“Circular”	:	This circular to Unitholders dated 28 December 2020.
“CJDC”	:	The Central Jakarta District Court.
“Closing Date”	:	The last day for acceptance and payment of the Rights Units.
“Closing Price”	:	The closing price of S\$0.405 per Unit on the SGX-ST on 24 December 2020, being the last trading day of the Units prior to the announcement of the Rights Issue.
“Code on CIS”	:	The Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
“Commencement Base Rent”	:	The rent that is applicable to the first year under the restructured LPKR MLAs.
“Confirmation Email”	:	An email which will contain user ID and password details, as well as instructions on how to access the “live” audio-visual webcast and a toll-free telephone number to access the “live” audio-only stream of the EGM proceedings.
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company.
“Controlling Unitholder”	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or (b) in fact exercises control over the property fund.
“CPF Board”	:	Central Provident Fund Board.

“Directors”	:	Directors of the Manager.
“DPU”	:	Distributions per Unit.
“EBITDA”	:	Earnings before interest, taxes, depreciation and amortisation.
“EBITDAR”	:	Earnings before interest, taxes, depreciation, amortisation and rental.
“EGM”	:	The extraordinary general meeting of the Unitholders, notice of which is given on pages F-1 to F-3 of this Circular.
“Eligible Unitholders”	:	Unitholders with Units standing to the credit of their securities accounts and whose registered addresses with CDP are in Singapore as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date or who have, at least two Market Days prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address outside of Singapore.
“Excess Rights Units”	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements.
“Existing Units”	:	Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date.
“FCL”	:	Fortune Code Limited.
“Fiduciary Security”	:	The deeds of fiduciary security over receivables, pursuant to which each of the owners/master lessors of the Secured Properties in Indonesia have assigned by way of security its respective rights, title and interest to the receivables and proceeds under the relevant MLAs and the relevant security deposits.
“First REIT”	:	First Real Estate Investment Trust.
“Fitch”	:	Fitch Ratings Singapore Pte. Ltd..
“FRML”	:	First REIT Management Limited.

“FRML Allotted Rights Units”	:	FRML’s total provisional allotment of the Rights Units.
“FRML Initial Units”	:	The 75,573,533 Units, comprising approximately 9.36% of the Units, in which FRML owned an aggregate interest as at 24 December 2020.
“FRML Irrevocable Undertaking”	:	The irrevocable undertaking which FRML has, on 24 December 2020, provided to the Manager.
“FY2019”	:	The financial year ended 31 December 2019.
“FY2020”	:	The financial year ending 31 December 2020.
“FY2019 Audited Financial Statements”	:	The audited consolidated financial statements of First REIT and its subsidiaries for FY2019.
“GCAL”	:	Golden Concord Asia Limited.
“GDP”	:	Gross domestic product.
“GFA”	:	Gross floor area.
“GOR”	:	Gross Operating Revenue.
“HCL”	:	Hongkong Chinese Limited.
“Hennessy”	:	Hennessy Holdings Limited.
“HKC Property”	:	HKC Property Investment Holdings Limited.
“IFA”	:	SAC Capital Private Limited.
“IFA Letter”	:	The letter from the IFA to the Independent Committee, the Audit and Risk Committee and the Trustee containing its advice in full, as set out in Appendix C of this Circular.
“IMF”	:	International Monetary Fund.
“Independent Committee”	:	An independent board committee established by the Board comprising all the Independent Directors, namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner, to carefully consider and evaluate the non-binding rental restructuring proposal from LPKR in respect of the LPKR MLAs.
“Independent Directors”	:	Independent directors of the Board.
“Independent Market Research Consultant”	:	Frost & Sullivan (S) Pte Ltd.

“Independent Market Research Report”	:	The independent market research report issued by Independent Market Research Consultant on the private healthcare sector in Indonesia with a focus on the Siloam group of hospitals.
“Independent Unitholders”	:	Unitholders other than CDPL and its concert parties.
“Independent Valuers”	:	C&W and Knight Frank.
“Ineligible Unitholders”	:	Unitholders who are not Eligible Unitholders.
“Interested Party”	:	As defined in the Property Funds Appendix, means: (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Party Transaction”	:	Has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.
“Interested Person”	:	As stated in the Listing Manual, in the case of a REIT, has the meaning ascribed to the term “interested party” in the Code on CIS. Therefore, “Interested Person” means: (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Person Transaction”	:	A transaction between an entity at risk and an Interested Person.
“IPO”	:	Initial public offering.
“IPO Hospital Properties”	:	Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci).
“IPO MLAs”	:	The MLAs in respect of the IPO Hospital Properties.

“Issue Price”	:	The issue price of a Rights Unit. For the purpose of this Circular, the indicative issue price is S\$0.20 per Rights Unit.
“Knight Frank”	:	KJPP Willson & Rekan in association with Knight Frank.
“LAAPL”	:	Lippo ASM Asia Property Limited.
“Latest Practicable Date”	:	The latest practicable date prior to the date of this Circular, being 23 December 2020.
“LCG”	:	Lippo Capital Group Limited.
“LCH”	:	Lippo Capital Holdings Company Limited.
“LCL”	:	Lippo Capital Limited.
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time.
“LL”	:	Lippo Limited.
“LPKR”	:	PT. Lippo Karawaci Tbk.
“LPKR Hospitals”	:	The hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of Siloam.
“LPKR MLAs”	:	The MLAs for all of the LPKR Hospitals.
“LPKR MOU”	:	A memorandum of understanding entered into between the Trustee and LPKR on 28 November 2020.
“Manado Property”	:	Siloam Hospitals Manado and Hotel Aryaduta Manado, which are leased by LPKR as a whole.
“Manado Property MLA”	:	The MLA in respect of the Manado Property dated 21 September 2012.
“Manager”	:	FRML, in its capacity as manager of First REIT.
“Mandatory Offer”	:	A mandatory offer pursuant to Rule 14 of the Takeover Code.
“Market Day”	:	Means any day on which the SGX-ST is open for trading in securities.
“MAS”	:	Monetary Authority of Singapore.
“MLAs”	:	Master lease agreements.
“Moody’s”	:	Moody’s Investors Service.

“MPU Hospitals”	:	Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang.
“MPU MLA Restructuring”	:	The restructuring of the MLAs entered into with PT. Metropolis Propertindo Utama in respect of Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang
“NAV”	:	Net asset value.
“NTA”	:	Net tangible assets.
“Offer Information Statement”	:	The offer information statement in connection with the Rights Issue to be lodged with the MAS and issued to Eligible Unitholders.
“OHI”	:	OLH Healthcare Investments Pte. Ltd..
“OHI Allotted Rights Units”	:	OHI’s total provisional allotment of the Rights Units.
“OHI Initial Units”	:	The 83,593,683 Units, comprising approximately 10.36% of the Units, in which OHI owned an aggregate interest as at 24 December 2020.
“Ordinary Resolution”	:	A resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.
“OUE”	:	OUE Limited.
“OUE Initial Units”	:	The 159,167,216 Units, comprising approximately 19.72% of the Units, in which OUE, through FRML and OHI, owned an aggregate interest as at 24 December 2020.
“OUE Irrevocable Undertaking”	:	The irrevocable undertaking which OUE has, on 24 December 2020, provided to the Manager.
“OUELH”	:	OUE Lippo Healthcare Limited.
“OUELH Irrevocable Undertaking”	:	The irrevocable undertaking which OUELH has, on 24 December 2020, provided to the Manager.
“OUELH (SEA)”	:	OUELH (SEA) Pte. Ltd..
“OUELH (Singapore)”	:	OUELH (Singapore) Pte. Ltd..
“OUE R”	:	OUE Realty Pte. Ltd..

“Property Funds Appendix”	:	Appendix 6 of the Code on CIS.
“Proposed LPKR MLA Restructuring”	:	The proposed restructuring of the LPKR MLAs.
“Proposed Whitewash Resolution”	:	The proposed waiver by the Independent Unitholders of their rights to receive a general offer for their Units from CDPL pursuant to Rule 14 of the Takeover Code.
“psf pm”	:	Per square foot per month.
“PSL”	:	Prime Success Limited.
“PT TUM”	:	PT Trijaya Utama Mandiri.
“Refinancing Facility”	:	A facility agreement which the Trustee has entered into with Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch on 24 December 2020.
“REITs”	:	Real estate investment trusts.
“Rights Entitlements”	:	The “nil-paid” provisional allotment of Rights Units to Eligible Unitholders under the Rights Issue.
“Rights Issue”	:	The proposed allotment and issuance of approximately 791,063,000 Rights Units on a renounceable basis to Eligible Unitholders and on a <i>pro rata</i> basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, at an indicative Issue Price of S\$0.20 per Rights Unit, fractional entitlements to be disregarded.
“Rights Issue Record Date”	:	The date on which the register of Unitholders and the unit transfer books of First REIT will be closed to determine the provisional allotment of the Rights Units under the Rights Issue to the Eligible Unitholders.
“Rights Units”	:	The new Units proposed to be issued by way of the Rights Issue.
“Rp.”	:	Indonesian Rupiah.
“S\$” and “cents”	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore.
“S&P”	:	S&P Global Ratings.

“Secured Properties”	:	The properties which are the subject of mortgages by which the indebtedness under the 2018 Secured Loan Facilities and the 2019 Secured Loan is secured, being Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, 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, Imperial Aryaduta Hotel & Country Club, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence.
“Securities Act”	:	The U.S. Securities Act of 1933, as amended.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“SIAC”	:	The Singapore International Arbitration Centre.
“SIC”	:	Securities Industry Council.
“Siloam”	:	PT Siloam International Hospitals Tbk.
“Sole Financial Adviser”	:	Merrill Lynch (Singapore) Pte. Ltd., the sole financial adviser to the Manager for the Proposed LPKR MLA Restructuring.
“Substantial Unitholder”	:	A person with an interest in Units constituting not less than 5% of all Units in issue.
“Takeover Code”	:	The Singapore Code on Take-overs and Mergers.
“TERP”	:	Theoretical ex-rights price.
“Trust Deed”	:	The trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time.
“Trustee”	:	Perpetual (Asia) Limited, in its capacity as trustee of First REIT.
“Unit”	:	A unit representing an undivided interest in First REIT.
“Unit Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd..
“Unit Share Market”	:	The ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.
“Unitholders”	:	Holders of units in First REIT.
“U.S.”	:	United States of America.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons, where applicable, shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

LIST OF LPKR HOSPITAL PROPERTIES

For the avoidance of doubt, in the event where the rent in respect of any LPKR Hospital is to be paid by both LPKR and a subsidiary of Siloam, the relevant rent amount stipulated in the table below in respect of such LPKR Hospital is the aggregate amount of rent payable by LPKR and such subsidiary of Siloam.

No.	Property Name	Acquisition Year	Existing Base Rent (S\$'000s)	Commencement Base Rent (S\$'000s)	Existing Base Rent (IDR million)	Commencement Base Rent ¹ (IDR million)	Master Lessee(s)	Master Lessor
1.	Siloam Hospitals Lippo Village	2006	13,585	12,952	147,119	140,265	LPKR	PT. Sentra Dinamika Perkasa
2.	Siloam Hospitals Kebon Jeruk	2006	7,699	4,821	83,376	52,210	LPKR	PT. Graha Indah Pratama
3.	Siloam Hospitals Surabaya	2006	3,045	2,780	32,976	30,101	LPKR	PT. Tata Prima Indah
4.	Mochtar Riady Comprehensive Cancer Centre	2010	20,383	9,967	220,738	107,941	LPKR	PT. Primatama Cemerlang

¹ On 1 January 2021, the Singapore Dollar denominated rents for each hospital (as set out in this **Appendix A**) will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830.

No.	Property Name	Acquisition Year	Existing Base Rent (\$'000s)	Commencement Base Rent (\$'000s)	Existing Base Rent (IDR million)	Commencement Base Rent ¹ (IDR million)	Master Lessee(s)	Master Lessor
5.	Siloam Hospitals Manado (excluding Hotel Aryaduta Manado)	2012	5,188 ²	3,202	56,183	34,672	LPKR	PT. Menara Abadi Megah
6.	Siloam Hospitals Makassar	2012	5,815	5,251	62,974	56,861	LPKR	PT. Bayutama Sukses
7.	Siloam Hospitals Bali	2013	9,844	5,010	106,606	54,261	LPKR	PT. Dasa Graha Jaya
8.	Siloam Hospitals TB Simatupang	2013	9,413	3,334	101,938	36,111	LPKR	PT. Perisai Dunia Sejahtera
9.	Siloam Hospitals Labuan Bajo	2016	1,850	884	20,035	9,578	LPKR and PT. Lintas Buana Jaya, a wholly-owned subsidiary of Siloam	PT. Prima Labuan Bajo

1 On 1 January 2021, the Singapore Dollar denominated rents for each hospital (as set out in this **Appendix A**) will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830.

2 Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased as a whole. The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 and there is no separate MLA for Hotel Aryaduta Manado. The master lessee of Hotel Aryaduta Manado will pay a commencement base rent of S\$3.307 million as at 1 January 2021 based on the terms of the supplemental MLA in respect of Hotel Aryaduta Manado. The existing base rent of Siloam Hospitals Manado is a derived number, by subtracting S\$3.307 million from the total rent of the Manado Property for FY2019.

No.	Property Name	Acquisition Year	Existing Base Rent (\$\$'000s)	Commencement Base Rent (\$\$'000s)	Existing Base Rent (IDR million)	Commencement Base Rent ¹ (IDR million)	Master Lessee(s)	Master Lessor
10.	Siloam Hospitals Yogyakarta	2017	2,430	1,580	26,316	17,113	LPKR and PT. Taruna Perkasa Megah, a wholly-owned subsidiary of Siloam	PT. Yogya Central Terpadu
11.	Siloam Hospitals Buton (excluding Lippo Plaza Buton ²)	2017	1,600	1,074	17,327	11,633	LPKR and PT. Bina Bahtera Sejati, a wholly-owned subsidiary of Siloam	PT. Buton Bangun Cipta
Total						550,746		

1 On 1 January 2021, the Singapore Dollar denominated rents for each hospital (as set out in this **Appendix A**) will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830.

2 The master lessee of Lippo Plaza Buton will continue to pay rental in accordance with existing master lease agreement terms.

LIST OF NON-HOSPITAL PROPERTIES

No.	Property Name	Acquisition Year	Commencement Base Rent ¹ (S\$'000s)	Commencement Base Rent ² (IDR million)	Master Lessee	Master Lessor
1.	Hotel Aryaduta Manado ³	2012	3,307	35,814	LPKR	PT. Menara Abadi Megah

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- 1 Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased as a whole. The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 and there is no separate MLA for Hotel Aryaduta Manado. The master lessee of Hotel Aryaduta Manado will pay a commencement base rent of S\$3.307 million as at 1 January 2021 based on the terms of the supplemental MLA in respect of Hotel Aryaduta Manado.
 - 2 The commencement base rent for Hotel Aryaduta Manado is S\$3.307 million (Rp.35,814 billion at an illustrative exchange rate of S\$1 = Rp.10,830).
 - 3 Hotel Aryaduta Manado does not currently have a standalone existing base rent since, under the existing Manado Property MLA, the entire Manado Property comprising of Siloam Hospitals Manado and Hotel Aryaduta Manado are leased to LPKR under one aggregate rent.

SUMMARY OF THE VARIABLE RENT FORMULA UNDER EACH EXISTING LPKR MLA

All capitalised terms not defined herein shall have the same meanings as given to them in the relevant LPKR MLAs.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
1.	Siloam Hospitals Yogyakarta	2017	No Variable Rent shall be payable for each of the First Year, the Second Year, the Third Year, the Fourth Year, and the Fifth Year. In respect of each Year of the Term from and including the Sixth Year, the Variable Rent payable by the Lessee shall be computed as follows: (i) where the audited Gross Operating Revenue⁽¹⁾ for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 5% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year but less than 15% of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Lessee shall be equivalent to 0.75% of such excess amount; (ii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 15% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year but less than 30% of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Lessee shall be equivalent to 1.25% of such excess amount; and	Note: (1) “Gross Operating Revenue” means with respect to a Fiscal Year, the gross operating revenue of Siloam derived specifically from Siloam’s healthcare and/or healthcare-related business carried on at the Premises, as audited for such Fiscal Year. In the case of Siloam Hospitals Buton, for the avoidance of doubt, “Gross Operating Revenue” does not include the gross operating revenue derived from any business or operations carried on at the Ancillary Healthcare-related Premises.
2.	Siloam Hospitals Buton	2017		
3.	Siloam Hospitals Labuan Bajo	2016		

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(iii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 30% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Lessee shall be equivalent to 2.00% of such excess amount. In respect of each Year of the Term from and including the Sixth Year, for the avoidance of doubt, where the audited Gross Operating Revenue for the Preceding Financial Year does not exceed the audited Gross Operating Revenue for the Further Preceding Financial Year by 5% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year, no Variable Rent is payable.	
4.	Siloam Hospitals Bali	2013	No Variable Rent shall be payable for each of the First Year, the Second Year and the Third Year.	Notes: (1) "Gross Operating Revenue" means with respect to a Fiscal Year, 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 Fiscal Year. In the case of Siloam Hospitals Bali, the "Gross Operating Revenue" shall also include the Shops GOR as audited for such Financial Year.
5.	Siloam Hospitals TB Simatupang	2013	In respect of the Fourth Year, the Variable Rent payable by the Tenant shall be computed as follows: (i) where the audited Gross Operating Revenue⁽¹⁾ for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 5% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year but less than 15% of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Tenant shall be equivalent to 0.75% of such excess amount;	

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(ii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 15% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year but less than 30% of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Tenant shall be equivalent to 1.25% of such excess amount; and (iii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 30% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year, the Variable Rent payable by the Tenant shall be equivalent to 2.00% of such excess amount. In respect of the Fourth Year, for the avoidance of doubt, where the audited Gross Operating Revenue for the Preceding Financial Year does not exceed the audited Gross Operating Revenue for the Further Preceding Financial Year by 5% or more of the audited Gross Operating Revenue for the Further Preceding Financial Year, no Variable Rent is payable. In respect of each Year of the Term from and including the Fifth Year: (a) the Variable Rent payable by the Tenant shall be computed as follows: $VR \times \text{Tenant Preceding Year Rent/Combined Preceding Year Rent}$	(2) “Other Property” means the property known as Siloam Hospitals TB Simatupang (in the case of Siloam Hospitals Bali) or Siloam Hospitals Bali (in the case of Siloam Hospitals TB Simatupang). (3) “Other Tenant” means the tenant for the time being of the Other Property. (4) “Preceding Combined Gross Operating Revenue” means the aggregate of (a) the audited Gross Operating Revenue for the financial year of the Tenant immediately preceding the relevant Rent Revision Date and (b) the audited Other Tenant Gross Operating Revenue for the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date. “Rent Revision Date” means the third anniversary date of the Commencement Date and thereafter each subsequent anniversary date of the Commencement Date.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			Where: “VR” means the amount as determined in accordance with the provisions of Clause (b) below, based on the aggregate Gross Operating Revenue derived from the Property and the Other Property⁽²⁾; “Tenant Preceding Year Rent” means the sum of the total Base Rent and Variable Rent payable by the Tenant hereunder in the preceding Year; and “Combined Preceding Year Rent” means the sum of (a) the Tenant Preceding Year Rent and (b) the total base rent and variable rent payable by the Other Tenant⁽³⁾ under the lease in respect of the Other Property in the preceding Year; (b) in the event the Preceding Combined Gross Operating Revenue⁽⁴⁾ exceeds the Further Preceding Combined Gross Operating Revenue⁽⁵⁾ by: (1) an amount that is 5% or more of the Further Preceding Combined Gross Operating Revenue but less than 15% of the Further Preceding Combined Gross Operating Revenue, the VR shall be equivalent to 0.75% of such excess amount; (2) an amount that is 15% or more of the Further Preceding Combined Gross Operating Revenue but less than 30% of the Further Preceding Combined Gross Operating Revenue, the VR shall be equivalent to 1.25% of such excess amount; and (3) an amount that is 30% or more of the Further Preceding Combined Gross Operating Revenue, the VR payable shall be equivalent to 2.00% of such excess amount;	(5) “Further Combined Gross Operating Revenue” means the aggregate of (a) the Gross Operating Revenue for the financial year of the Tenant preceding the Preceding Financial Year and (b) the audited Other Tenant Gross Operating Revenue for the financial year of the Other Tenant immediately preceding the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(c) for the avoidance of doubt, where the Preceding Combined Gross Operating Revenue does not exceed the Further Preceding Combined Gross Operating Revenue by 5% or more of the Further Preceding Combined Gross Operating Revenue, no VR is payable.	
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	2012	No Variable Rent shall be payable for each of the First Year, the Second Year and the Third Year.	Notes: (1) "Gross Operating Revenue" means with respect to a Fiscal Year, the gross operating revenue of the Tenant derived specifically from the Tenant's healthcare and/or healthcare-related hospitality business carried on at the Property, as audited for such Fiscal Year. (2) "Other Property" means the property known as Siloam Hospitals Makassar (in the case of Siloam Hospitals Manado and Hotel Aryaduta Manado) or Siloam Hospitals Manado and Hotel Aryaduta Manado (in the case of Siloam Hospitals Makassar). (3) "Other Tenant" means the tenant for the time being of the Other Property.
7.	Siloam Hospitals Makassar	2012	In respect of the Fourth Year, the Variable Rent payable by the Tenant shall be computed as follows: (i) where the audited Gross Operating Revenue⁽¹⁾ for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 5% or more but less than 15%, the Variable Rent payable by the Tenant shall be equivalent to 0.75% of such excess amount; (ii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount that is 15% or more but less than 30%, the Variable Rent payable by the Tenant shall be equivalent to 1.25% of such excess amount; and (iii) where the audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 30% or more, the Variable Rent payable by the Tenant shall be equivalent to 2.00% of such excess amount. In respect of the Fourth Year, for the avoidance of doubt, where the audited Gross Operating Revenue for the Preceding Financial Year does not exceed the audited Gross Operating Revenue for the Further Preceding Financial Year by more than 5%, no Variable Rent is payable.	

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			In respect of each Year of the Term from and including the Fifth Year: (a) the Variable Rent payable by the Tenant shall be computed as follows: VR x Tenant Preceding Year Rent/Combined Preceding Year Rent Where: “VR” means the amount as determined in accordance with the provisions of Clause (b) below, based on the aggregate Gross Operating Revenue derived from the Property and the Other Property⁽²⁾; “Tenant Preceding Year Rent” means the sum of the total Base Rent and Variable Rent payable by the Tenant hereunder in the preceding Year; and “Combined Preceding Year Rent” means the sum of (a) the Tenant Preceding Year Rent and (b) the total base rent and variable rent payable by the Other Tenant⁽³⁾ under the lease in respect of the Other Property in the preceding Year; (b) in the event the Preceding Combined Gross Operating Revenue⁽⁴⁾ exceeds the Further Preceding Combined Gross Operating Revenue⁽⁵⁾ by: (1) an amount that is more than 5% but less than 15%, the VR shall be equivalent to 0.75% of such excess amount; (2) an amount that is 15% or more but less than 30%, the VR shall be equivalent to 1.25% of such excess amount; and (3) an amount that is 30% or more, the VR payable shall be equivalent to 2.00% of such excess amount;	(4) “Preceding Combined Gross Operating Revenue” means the aggregate of (a) the audited Gross Operating Revenue for the financial year of the Tenant immediately preceding the relevant Rent Revision Date and (b) the audited Other Tenant Gross Operating Revenue for the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date. “Rent Revision Date” means the third anniversary date of the Commencement Date and thereafter each subsequent anniversary date of the Commencement Date. (5) “Further Combined Gross Operating Revenue” means the aggregate of (a) the Gross Operating Revenue for the financial year of the Tenant preceding the Preceding Financial Year and (b) the audited Other Tenant Gross Operating Revenue for the financial year of the Other Tenant immediately preceding the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(c) for the avoidance of doubt, where the Preceding Combined Gross Operating Revenue does not exceed the Further Preceding Combined Gross Operating Revenue by more than 5%, no VR is payable.	
8.	Mochtar Riady Comprehensive Cancer Centre	2010	No Variable Rent shall be payable in the First Year. In respect of the Second Year, Third Year and Fourth Year, the Variable Rent payable by the Tenant shall be determined as follows: (i) the amount equivalent to 0.75% of the audited Tenant Gross Revenue⁽¹⁾ for the financial year of the Tenant immediately preceding the relevant Rent Revision Date⁽²⁾ (the “Preceding Financial Year”) where the audited Tenant Gross Revenue for the Preceding Financial Year exceeds the audited Tenant Gross Revenue for the financial year of the Tenant preceding the Preceding Financial Year (“Further Preceding Financial Year”) by more than 5% but less than 15%; (ii) the amount equivalent to 1.25% of the audited Tenant Gross Revenue for the Preceding Financial Year where the audited Tenant Gross Revenue for the Preceding Financial Year exceeds the audited Tenant Gross Revenue for the Further Preceding Financial Year by 15% or more but less than 30%; and (iii) the amount equivalent to 2.00% of the audited Tenant Gross Revenue for the Preceding Financial Year where the audited Tenant Gross Revenue for the Preceding Financial Year exceeds the audited Tenant Gross Revenue for the Further Preceding Financial Year by 30% or more.	Notes: (1) “Tenant Gross Revenue” means with respect to a Fiscal Year, the gross revenue of the Tenant derived specifically from the Tenant’s healthcare and/or healthcare-related hospitality business carried on at the Property, as audited for the relevant Fiscal Year. (2) “Rent Revision Date” means the first anniversary date of the Commencement Date and each subsequent anniversary date of the Commencement Date. (3) “Other Property” means the property known as Siloam Hospitals Lippo Cikarang. (4) “Other Tenant” means the tenant for the time being of the Other Property.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			In respect of the Second Year, Third Year and Fourth Year, for the avoidance of doubt, where the audited Tenant Gross Revenue for the Preceding Financial Year does not exceed the audited Tenant Gross Revenue for the Further Preceding Financial Year by more than 5%, no Variable Rent is payable. In respect of each Year of the Term from and including the Fifth Year: (a) the Variable Rent payable by the Tenant shall be computed as follows: 5. Combined VR x MRCCC Pre-Y Rent/Combined Pre-Y Rent Where: “Combined VR” means the amount as determined in accordance with the provisions of Clause (b) below, based on the aggregate gross revenue derived from the Property and the Other Property⁽³⁾; “MRCCC Pre-Y Rent” means the sum of the total Base Rent and Variable Rent payable by the Tenant hereunder in the preceding Year; and “Combined Pre-Y Rent” means the sum of the total Base Rent and Variable Rent payable by the Tenant hereunder, and the total base rent and variable rent payable by the Other Tenant⁽⁴⁾ under the lease in respect of the Other Property, in the preceding Year;	(5) “Preceding Combined Gross Revenue” means the aggregate of (a) the audited Tenant Gross Revenue for the financial year of the Tenant immediately preceding the relevant Rent Revision Date and (b) the audited Other Tenant Gross Revenue for the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date. “Other Tenant Gross Revenue” means with respect to a Fiscal Year, the gross revenue of the Other Tenant derived specifically from the Other Tenant’s healthcare and/or healthcare-related hospitality business carried on at the Other Property, as audited for the relevant Fiscal Year.

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(b) in the event the Preceding Combined Gross Revenue⁽⁵⁾ exceeds the Further Preceding Combined Gross Revenue⁽⁶⁾ by: (1) more than 5% but less than 15%, the Combined VR payable shall be an amount equivalent to 0.75% of the Preceding Combined Gross Revenue; (2) 15% or more but less than 30%, the Combined VR payable shall be an amount equivalent to 1.25% of the Preceding Combined Gross Revenue; and (3) 30% or more, the Combined VR payable shall be an amount equivalent to 2.00% of the Preceding Combined Gross Revenue; (c) for the avoidance of doubt, where the Preceding Combined Gross Revenue does not exceed the Further Preceding Combined Gross Revenue by more than 5%, no Combined VR is payable.	(6) "Further Combined Gross Revenue" means the aggregate of (a) the audited Tenant Gross Revenue for the financial year of the Tenant preceding the Preceding Financial Year and (b) the audited Other Tenant Gross Revenue for the financial year of the Other Tenant immediately preceding the financial year of the Other Tenant immediately preceding the relevant Rent Revision Date.
9.	Siloam Hospitals Lippo Village	2006	Save for the First Year (which shall be a fixed rent of A ⁽¹⁾ billion Rp.), the Variable Rent shall be:	Notes: (1) "Tenant Gross Revenue" means with respect to a Fiscal Year, the gross revenue of the Tenant from the Tenant's healthcare and/or healthcare-related hospitality business carried on at Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya and Imperial Aryaduta & Country Club, as audited for the relevant Fiscal Year.
10.	Siloam Hospitals Kebon Jeruk	2006	(i) the amount equivalent to 0.75% of the Tenant Gross Revenue ⁽¹⁾ of the Preceding Calendar Year where the Tenant Gross Revenue of the Preceding Calendar Year exceeds the Tenant Gross Revenue of the Calendar Year ("Further Preceding Calendar Year") preceding the Preceding Calendar Year by more than 5% but less than 15%;	
11.	Siloam Hospitals Surabaya	2006	(ii) the amount equivalent to 1.25% of the Tenant Gross Revenue of the Preceding Calendar Year where the Tenant Gross Revenue of the Preceding Calendar Year exceeds the Tenant Gross Revenue of the Further Preceding Calendar Year by 15% or more but less than 30%; and	

No.	Indonesia Hospital Name	Acquisition Year	Variable Rent	Note(s)
			(iii) the amount equivalent to 2.00% of the Tenant Gross Revenue of the Preceding Calendar Year where the Tenant Gross Revenue of the Preceding Calendar Year exceeds the Tenant Gross Revenue of the Further Preceding Calendar Year by 30% or more. For the avoidance of doubt, where the Tenant Gross Revenue of the Preceding Calendar Year does not exceed the Tenant Gross Revenue of the Further Preceding Calendar Year by more than 5%, no Variable Rent is payable.	(2) In the case of Siloam Hospitals Lippo Village, A = 65.776; in the case of Siloam Hospitals Kebon Jeruk, A = 37.279; in the case of Siloam Hospitals Surabaya, A = 14.742.

INDEPENDENT FINANCIAL ADVISER'S LETTER



SAC CAPITAL PRIVATE LIMITED
 (Incorporated in the Republic of Singapore)
 (Company Registration Number: 200401542N)

28 December 2020

The Independent Directors, the Audit and Risk Committee, and the Independent Committee of First REIT Management Limited

(in its capacity as the manager of First Real Estate Investment Trust)

333 Orchard Road,
 #33-02
 Singapore 238867

Perpetual (Asia) Limited

(in its capacity as the trustee of First Real Estate Investment Trust) (the "Trustee")

8 Marina Boulevard #05-02
 Marina Bay Financial Centre
 Singapore 018981

Dear Sirs,

(I) THE PROPOSED LPKR MLA RESTRUCTURING AS AN INTERESTED PERSON TRANSACTION

(II) THE PROPOSED WHITEWASH RESOLUTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular to Unitholders of First Real Estate Investment Trust dated 28 December 2020 (the "**Circular**") shall have the same meanings herein.*

1. INTRODUCTION

First Real Estate Investment Trust ("**First REIT**") is a real estate investment trust listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Its investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. As at 31 December 2019, First REIT has a diversified asset portfolio of 20 properties, comprising 16 located in Indonesia, 3 in Singapore and 1 in South Korea, with a combined gross floor area of 350,850 square metres.

1.1 The Proposed LPKR MLA Restructuring

All of the properties in First REIT at the time of its initial public offering ("**IPO**") in December 2006 were leased to PT. Lippo Karawaci Tbk ("**LPKR**") under master lease agreements ("**MLAs**"). These properties include Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta), and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci) (the "**IPO Hospital Properties**"). The MLAs in respect of the IPO Hospital Properties (the "**IPO MLAs**") have an initial term of 15 years, subject to an option given to LPKR to renew the MLAs for another 15 years. The initial term of the IPO MLAs will expire in December 2021. First REIT Management Limited (the "**Manager**" or "**FRML**") has been engaging with LPKR on the renewal of the IPO MLAs since 2019.

On 1 June 2020, LPKR unilaterally announced its intention to restructure all of the LPKR MLAs, in respect of 11 hospitals which First REIT had acquired from LPKR, as set out in Appendix A of the Circular (the “**LPKR Hospitals**”, and the existing MLAs in respect of the LPKR Hospitals, the “**LPKR MLAs**”) (the “**Proposed LPKR MLA Restructuring**”). In response to this press release, the Manager issued an announcement on the same day stating that it had not been approached by LPKR in respect of the matters mentioned in the press release.

On 31 August 2020, the Manager announced that it was anticipating to receive a proposal regarding the rental restructuring from LPKR. On 20 September 2020, the Manager announced that it had received a non-binding rental restructuring proposal from LPKR in respect of the LPKR MLAs and that the Board had set up an independent board committee (the “**Independent Committee**” or “**IC**”) comprising all the independent directors of the Board (the “**Independent Directors**”), namely, Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner to carefully consider and evaluate the non-binding proposal¹. On 30 September 2020, the Manager announced that it had appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to the Manager in connection with the restructuring discussions. The Independent Committee has been engaging with LPKR to understand the context of LPKR’s request and negotiate the terms of a restructuring.

1.2 The Rights Issue

The Manager intends to undertake a rights issue to issue approximately 791,063,000 Units (the “**Rights Units**”) (which is equivalent to approximately 98% of the 807,206,351 Units in issue as at the Latest Practicable Date) to raise gross proceeds of approximately S\$158.2 million on a renounceable basis to Eligible Unitholders and on a *pro rata* basis of 98 Rights Units for every 100 existing Units, at an indicative issue price of S\$0.20 per Rights Unit (the “**Issue Price**”), fractional entitlements to be disregarded (the “**Rights Issue**”).

1.3 Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 159,167,216 (or approximately 19.72%) of the Units and are therefore each regarded as a “controlling unitholder” of First REIT under both the listing manual of the SGX-ST (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”). In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a “controlling shareholder” of the Manager under the Listing Manual and the Property Funds Appendix.

As Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 41,592,628,005 (or approximately 58.67%) of the shares in LPKR, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, LPKR (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

In addition, as Siloam is a subsidiary of LPKR, LPKR is deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100% of the shares in the wholly-owned subsidiaries of Siloam and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the wholly-owned subsidiaries of Siloam (being companies in which a Controlling Unitholder of First REIT has an interest of 30% or more and being companies in which a Controlling Shareholder of the

¹ Mr Chan Pengee Adrian, Mr Ferris Charles Bye, Mr Tan Chuan Lye and Mr Martin Lechner are also members of the audit and risk committee of the Manager.

Manager has an interest of 30% or more) are Interested Persons (for the purposes of the Listing Manual) and Interested Parties (for the purposes of the Property Funds Appendix) of First REIT.

Pursuant to Chapter 9 of the Listing Manual, where First REIT proposes to enter into a transaction with an interested person, and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of First REIT's latest audited net tangible assets ("**NTA**"), Unitholders' approval is required in respect of the transaction. Based on First REIT's FY2019 Audited Financial Statements, the audited NTA of First REIT was S\$794.8 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by First REIT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S\$39.7 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by First REIT whose value (either in itself or when aggregated with the value of other transactions with the same interested party during the current financial year) is equal to or exceeds 5.0% of First REIT's latest audited net asset value ("**NAV**"). Based on First REIT's FY2019 Audited Financial Statements, the audited NAV of First REIT was S\$794.8 million as at 31 December 2019. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an interested party is, either in itself or in aggregation with all other earlier transactions entered into with the same interested party during the current financial year, equal to or greater than S\$39.7 million, such a transaction would be subject to Unitholders' approval.

Given that the aggregate value of the Proposed LPKR MLA Restructuring of approximately S\$1.08 billion (which is approximately 135.9% of the audited NTA and audited NAV attributable to Unitholders as at 31 December 2019) exceeds the said thresholds, the Proposed LPKR MLA Restructuring is subject to the approval of the Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

Therefore, the Proposed LPKR MLA Restructuring will constitute as an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required. We understand that the Manager is convening an extraordinary general meeting of First REIT to seek approval from the Unitholders for the Proposed LPKR MLA Restructuring.

1.4 The Proposed Whitewash Resolution

As at the Latest Practicable Date, Clifford Development Pte. Ltd. ("**CDPL**"), which is a direct wholly-owned subsidiary of OUE Limited ("**OUE**"), and its concert parties have an aggregate interest in 159,273,785 Units representing an interest of approximately 19.73% of the voting rights in First REIT.

OUE holds 60.0% of the shares in FRML. In addition, OUE holds 100.0% of Treasure International Holdings Pte. Ltd., which in turn holds 64.36% of OUE Lippo Healthcare Limited ("**OUELH**"), which in turn holds 40.0% of FRML. OUELH is listed on Catalist of the SGX-ST. FRML has a direct interest in 75,573,533 Units (or 9.36% of the total number of Units in issue).

OUELH also owns 100.0% of OUELH (SEA) Pte. Ltd. ("**OUELH (SEA)**"), which owns 100.0% of OUELH (Singapore) Pte. Ltd. ("**OUELH (Singapore)**"), which owns 100.0% of OLH Healthcare Investments Pte. Ltd. ("**OHI**"), which owns 83,593,683 Units (or 10.36% of the total number of Units in issue). OUE, through its interest in FRML and OUELH, has deemed interests in 159,167,216 Units (the "**OUE Initial Units**") (or 19.72% of the total number of Units in issue).

In support of the Rights Issue, FRML and OUELH have irrevocably undertaken to the Manager to, among others, accept, subscribe and pay in full for (and in respect of OUELH, to procure OHI to accept, subscribe and pay in full for) its total provisional allotment of the Rights Units

(the “**FRML Irrevocable Undertaking**” and “**OUELH Irrevocable Undertaking**” respectively) (the “**Allotted Rights Units**”). In addition, OUE has irrevocably undertaken to the Manager (the “**OUE Irrevocable Undertaking**”) that, among others:

- (i) as at 5.00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of OUE Initial Units;
- (ii) in accordance with the terms and conditions of the Rights Issue, OUE will either:
 - (a) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units² to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking); or
 - (b) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of this undertaking; and
- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the OUE Irrevocable Undertaking.

Pursuant to the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking, FRML, OUELH and CDPL could potentially subscribe for 100.0% of the total number of the Rights Units. CDPL is currently not a Unitholder. Subject to the passing of the Proposed Whitewash Resolution at the EGM, CDPL will become an Eligible Unitholder by acquiring a nominal number of Units (for example, 100 Units) from FRML.

Upon issuance of the Excess Rights Units to CDPL, CDPL and its concert parties may possibly end up acquiring additional Units which exceeds the threshold pursuant to Rule 14 of the The Singapore Code on Take-overs and Mergers (the “**Takeover Code**”).

The Takeover Code states that where (a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30.0 per cent or more of the voting rights of the company, or (b) any person who, together with persons acting in concert with him, holds not less than 30.0 per cent. but not more than 50.0 per cent. of the voting rights and such person, or any person acting in concert with him, acquires in any period of six (6) months additional shares carrying more than 1.0 per cent. of the voting rights, such person must make a mandatory general offer for all the shares which he does not already own or control in accordance with Rule 14 of the Takeover Code, unless such obligation to make a mandatory general offer is waived by the Securities Industry Council (the “**SIC**”).

On 11 December 2020, an application was made to the SIC for the waiver of the obligation of CDPL to make a Mandatory Offer under Rule 14.1(a) of the Takeover Code should the obligation to do so arise as a result of the allotment of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking. The SIC has granted the waiver, subject to the satisfaction of certain conditions. Please refer to section 10.4 of the Circular or section 5 of this letter for further details on the waiver granted by SIC.

² “**Excess Rights Units**” means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the “nil-paid” rights trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renouncees of the Rights Entitlements or the purchasers of Rights Entitlements.

This letter, which sets out our evaluation has been prepared pursuant to Listing Rule 921(4)(a), as well as for the use of the Independent Directors, the Audit and Risk Committee (the “**ARC**”), the IC, and the Trustee in connection with their consideration of the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution, and the Independent Directors and the ARC’s recommendation to the Unitholders arising therefrom.

2. TERMS OF REFERENCE

We, SAC Capital Private Limited (“**SAC Capital**”), have been appointed as the independent financial adviser (“**IFA**”), as required under Listing Rule 921(4)(a) to provide an opinion as to whether the (i) Proposed LPKR MLA Restructuring are on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders, (ii) the terms of the Rights Issue, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable, and (iii) the Proposed Whitewash Resolution is fair and reasonable.

Our opinion is prepared pursuant to Listing Rule 921(4)(a) as well as for the use and benefit of the Independent Directors, the ARC, the IC, and the Trustee in their deliberations on the Proposed LPKR MLA Restructuring, before arriving at a decision on the merits and demerits thereof, and where relevant, in making any recommendations to the Independent Unitholders. We are not and were not involved in any aspect of the negotiations entered into by the Manager in connection with the Proposed LPKR MLA Restructuring, the Rights Issue and the Proposed Whitewash Resolution or in the deliberations leading up to the decision of the Independent Directors to undertake the Proposed LPKR MLA Restructuring, the Rights Issue and the Proposed Whitewash Resolution. Accordingly, we do not, by this letter, warrant the merits of the Proposed LPKR MLA Restructuring, other than to express an opinion on whether the (i) Proposed LPKR MLA Restructuring are on normal commercial terms and are not prejudicial to First REIT and its minority Unitholders, (ii) the terms of the Rights Issue, being the subject of the Proposed Whitewash Resolution, are fair and reasonable, and (iii) the Proposed Whitewash Resolution is fair and reasonable.

We have not conducted a comprehensive review of the business, operations or financial conditions of First REIT and its subsidiaries. We have not evaluated the strategic, legal or commercial merits or risks of the Proposed LPKR MLA Restructuring, the Rights Issue and the Proposed Whitewash Resolution or the future growth prospects or earnings potential of First REIT after the completion of the Proposed LPKR MLA Restructuring, the Rights Issue, and the Proposed Whitewash Resolution. It is also not within our terms of reference to compare the merits of the Proposed LPKR MLA Restructuring, the Rights Issue and the Proposed Whitewash Resolution to any alternative transactions that were made or may have been available to First REIT. Such comparison and consideration remain the sole responsibility of the Independent Directors, the Management (as defined below) and their advisors although we may draw upon their views or make comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this letter. Accordingly, we do not express any view as to the prices at which the Units may trade upon completion of the Proposed LPKR MLA Restructuring, the Rights Issue and the Proposed Whitewash Resolution or on the future growth prospects, financial position and earnings potential of First REIT.

In the course of our evaluation, we have held discussions with the Independent Directors and the management of the Manager (the “**Management**”) and have relied on the information and representations, whether written or verbal, provided to us by the Independent Directors and the Management. The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed, after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts in relation to the Proposed LPKR MLA Restructuring, the Rights Issue, the Proposed Whitewash Resolution and First REIT, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information or representations. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness

or adequacy of such information or representations. We have, however, made reasonable enquiries and exercised our judgement in assessing the reasonable use of such information and representations, and have found no reason to doubt the accuracy or reliability of such information or representations. We are not, and do not hold ourselves to be legal, regulatory or tax experts. We are the independent financial adviser only and have relied on, without independent verification, the assessment made by advisers to First REIT with respect to such issues.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of First REIT or those associated with the Proposed LPKR MLA Restructuring. However, we have been furnished with the valuation reports (the “**Valuation Reports**”) prepared by the KJPP Willson & Rekan in association with Knight Frank (“**Knight Frank**”) and Cushman & Wakefield VHS Pte Ltd in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan (“**Cushman & Wakefield**”) (the “**Independent Valuers**”). We are not experts and do not regard ourselves to be experts in the valuation of properties. Accordingly, we have taken into consideration the Valuation Reports, and have not made any independent verification of the contents thereof. The respective summary valuation certificates prepared by the Independent Valuers are set out in Appendix D of the Circular.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position and earnings potential of First REIT. We have not been provided with, nor do we have access to, any business plan or financial projections of the future performance of First REIT and we did not conduct any discussions with the Independent Directors and the Management on any such business plan or financial projections of First REIT.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry, monetary and other applicable conditions prevailing on, and the information made available to us as of the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein.

In arriving at our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position and/or unique needs and constraints of any individual Unitholder or any specific group of Unitholders. As each Unitholder would have different investment objectives and profiles, we would advise the Independent Directors, the ARC, and the IC to recommend that any individual Unitholder or group of Unitholders who may require specific advice in relation to his, her or their Units should consult his, her or their stockbroker, bank manager, solicitor, accountant or other professional advisers.

Our opinion and advice in relation to the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution should be considered in the context of the entirety of this letter and the Circular.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

3. DETAILS OF THE PROPOSED LPKR MLA RESTRUCTURING

3.1 Key Terms of the Restructured LPKR MLAs

The key terms in respect of the Proposed LPKR MLA Restructuring are set out below:

(i) Term of the Restructured LPKR MLAs

The following table sets out the LPKR Hospitals, which are the subject of the Proposed LPKR MLA Restructuring, their acquisition year, the expiry year of the initial term of the relevant MLAs as well as the master lessee(s) of the LPKR Hospitals. Any extension of the initial term of the MLAs requires LPKR's agreement.

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee(s)
1.	Siloam Hospitals Surabaya	2006 (Year of IPO)	2021	LPKR
2.	Siloam Hospitals Kebon Jeruk	2006	2021	LPKR
3.	Siloam Hospitals Lippo Village	2006	2021	LPKR
4.	Mochtar Riady Comprehensive Cancer Centre	2010	2025	LPKR
5.	Siloam Hospitals Makassar	2012	2027	LPKR
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	2012	2027	LPKR
7.	Siloam Hospitals TB Simatupang	2013	2028	LPKR
8.	Siloam Hospitals Bali	2013	2028	LPKR
9.	Siloam Hospitals Labuan Bajo	2016	2031	LPKR and a wholly-owned subsidiary of PT Siloam International Hospitals Tbk (" Siloam ")
10.	Siloam Hospitals Buton	2017	2032	LPKR and a wholly-owned subsidiary of Siloam
11.	Siloam Hospitals Yogyakarta	2017	2032	LPKR and a wholly-owned subsidiary of Siloam

Under the Proposed LPKR MLA Restructuring, the terms of the restructured LPKR MLAs will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees. The lease for the further term shall be on terms and conditions (including the rent payable for the further term) to be mutually agreed between the parties. The leases of hospitals with redevelopment potential, such as Siloam Hospitals Surabaya, may be terminated by mutual written consent of the parties, subject to the feasibility and due diligence of any proposed redevelopment plan, which must be yield accretive and meet First REIT's investment objectives. At this stage, only Siloam Hospitals Surabaya has been identified by the Manager as having such redevelopment potential.

(ii) Revised Rental Formula

The current rental formula under each of the existing LPKR MLAs provides for rental to be calculated based on the sum of a base rent component and a variable rent component.

Base Rent under the existing LPKR MLAs

Under the existing MLAs, the base rent component is subject to increase based on the following formula:

No.	Property Name	Base Rent Escalation Formula under existing LPKR MLAs
1.	Siloam Hospitals Surabaya	Increase on each anniversary date from (and including) the first anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
2.	Siloam Hospitals Kebon Jeruk	
3.	Siloam Hospitals Lippo Village	
4.	Mochtar Riady Comprehensive Cancer Centre	
5.	Siloam Hospitals Makassar	Increase on each anniversary date from (and including) the third anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	
7.	Siloam Hospitals TB Simatupang	
8.	Siloam Hospitals Bali	
9.	Siloam Hospitals Labuan Bajo	Increase on each anniversary date from (and including) the fifth anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%. In addition, for each five-year period of the lease term commencing from (and including) the fifth anniversary date of the commencement date under the MLA (i.e. from the 6th year to the 10th year and from the 11th year to the 15th year), the increase shall be subject to a further overall cap of 5.0% for each such five-year period.
10.	Siloam Hospitals Buton	
11.	Siloam Hospitals Yogyakarta	

Please refer to Appendix A of the Circular for the existing base rent under each of the existing LPKR MLAs. With regards to the existing LPKR MLAs, the amount of base rent payable is adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

Variable Rent under the existing LPKR MLAs

As for the variable rent under the existing LPKR MLAs, generally this is payable only if the gross operating revenue (“**GOR**”) of the relevant LPKR Hospital grows by at least 5% compared to the preceding year at the rate of:

- (a) (in the case of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Mochtar Riady Comprehensive Cancer Centre) 0.75% of the GOR of the relevant year, with the rate being increased

to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%; or

- (b) (in the case of the other LPKR Hospitals) 0.75% of the increase in GOR for the relevant year compared to the preceding year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%.

Over the past three years, the existing variable rent structure has contributed not more than 4.2% to the total rent received for each year under the LPKR MLAs.

Please refer to Appendix B of the Circular for a summary of the variable rent formula under the existing LPKR MLAs.

Revised Rental Formula pursuant to the Proposed LPKR MLA Restructuring

Under the restructured LPKR MLAs, rental for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) will be the pro-rated Indonesian Rupiah denominated Commencement Base Rents set out in Appendix A of the Circular. There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. The increase in the rent payable is structured to be a minimum of 4.5% per annum calculated using the Commencement Base Rent.

For the second period of the lease under the restructured LPKR MLAs which will commence on 1 October 2021 and end on 30 September 2022, the adopted annual rent shall be the higher of:

- (a) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (b) the Commencement Base Rent $\times (1 + S)$ = Second Lease Year Base Rent, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For the third period of the lease under the restructured LKPR MLAs which will commence on 1 October 2022 to 30 September 2023, the adopted annual rent shall be the higher of:

- (a) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (b) the Second Lease Year Base Rent $\times (1 + S)$, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

For subsequent lease years under the restructured LPKR MLAs, the adopted annual rent shall be the higher of:

- (a) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (b) the preceding year's Base Rent $\times (1 + S)$, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

The aggregate rent for the final lease period ending on (and including) 31 December 2035, being the day immediately preceding the 15th anniversary of the commencement date of the restructured LPKR MLAs will be "A" multiplied by "B", where:

A = the higher of the following:

- (a) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or

- (b) the preceding year's Base Rent $\times (1 + S)$, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

B = number of days in such final lease period / 365 days.

(iii) Security Deposit

Under the terms of the existing LPKR MLAs, the relevant master lessees are required to pay to and maintain with the relevant master lessors, for the duration of each year, a security deposit equivalent to six months of the monthly rent payable by the relevant master lessees in accordance with the terms of the respective existing LPKR MLAs for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). The full amount of the security deposits which the relevant master lessees are required to pay to and maintain with the relevant master lessors under the terms of the existing LPKR MLAs have been provided.

As for the security deposits payable under the restructured LPKR MLAs, the security deposit payable by the relevant master lessees to the relevant master lessors shall be, for each year in the term under the restructured LPKR MLAs, eight months of the total monthly rent payable for each such year, which shall be furnished by the relevant master lessee to the relevant master lessor:

- (a) in the case of the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive), on or before 1 January 2021; and
- (b) in the case of each subsequent year of the restructured LPKR MLAs, no later than the date falling 30 days before the commencement date of each relevant subsequent year.

4. DETAILS OF THE RIGHTS ISSUE

4.1 Basis of the Rights Issue

The Rights Issue is proposed to be made on a renounceable non-underwritten basis, with up to 791,063,000 Rights Units at the Issue Price for each Rights Unit, on the basis of 98 Rights Units for every 100 existing Units held by Eligible Unitholders as at 5.00 p.m. (Singapore time) on the date on which the register of Unitholders and the unit transfer books of First REIT will be closed to determine the provisional allotment of the Rights Units under the Rights Issue to the Eligible Unitholders (the "**Rights Issue Record Date**"), fractional entitlements to be disregarded.

The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Units in issue as at the date of issue of the Rights Units including the right to any distributions which may accrue prior to the Rights Issue as well as all distributions thereafter.

The Rights Units will be issued pursuant to the general mandate that was approved by Unitholders to the Manager for the issue of new Units, pursuant to an Ordinary Resolution obtained at an annual general meeting of Unitholders held on 20 May 2020.

Further details of the Rights Issue are set out in paragraph 9 of the Circular and Unitholders are advised to read the information carefully.

4.2 Issue Price

The Issue Price of S\$0.20 represents:

- (i) a discount of approximately 50.6% to the closing price of S\$0.405 per Unit on the SGX-ST on 24 December 2020, being the last trading day of the Units prior to the announcement of the Rights Issue;
- (ii) a discount of approximately 34.1% to the theoretical ex-rights price (“TERP”) of S\$0.3035 per Unit; and
- (iii) a discount of approximately 44.4% discount to the *pro forma* NAV per Unit after the completion of the Rights Issue of S\$0.36 per Unit.

4.3 Use of Proceeds for the Rights Issue

Further details of the use of proceeds are set out in paragraph 9.10 of the Circular, and Unitholders are advised to read the information carefully.

4.4 Irrevocable Undertaking

OUE holds 60.0% of the shares in FRML. In addition, OUE holds 100.0% of Treasure International Holdings Pte. Ltd., which in turn holds 64.36% of OUELH, which in turn holds 40.0% of FRML. OUELH is listed on Catalist of the SGX-ST. FRML has a direct interest in 75,573,533 Units (or 9.36% of the total number of Units in issue).

OUELH also owns 100.0% of OUELH (SEA), which owns 100.0% of OUELH (Singapore), which owns 100.0% of OHI, which owns 83,593,683 Units (or 10.36% of the total number of Units in issue). OUE, through its interest in FRML and OUELH, has deemed interests in 159,167,216 Units (or 19.72% of the total number of Units in issue).

In support of the Rights Issue, the FRML and OUELH have irrevocably undertaken to the Manager to, among others, accept, subscribe and pay in full for (and in respect of OUELH, to procure OHI to accept, subscribe and pay in full for) its total provisional allotment of the Rights Units. In addition, OUE has irrevocably undertaken to the Manager that, among others:

- (i) as at 5.00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of OUE Initial Units;
- (ii) in accordance with the terms and conditions of the Rights Issue, OUE will either:
 - (a) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking); or
 - (b) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of this undertaking; and

- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the OUE Irrevocable Undertaking.

Pursuant to the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking, FRML, OUELH and CDPL could potentially subscribe for 100.0% of the total number of the Rights Units. CDPL is not currently a Unitholder. Subject to the passing of the Proposed Whitewash Resolution at the EGM, CDPL will become an Eligible Unitholder by acquiring a nominal number of Units (for example, 100 Units) from FRML.

4.5 Abstention from voting

Pursuant to the waiver from the SIC in relation to the Proposed Whitewash Resolution, CDPL and its concert parties as well as parties not independent of them are required to and will abstain from voting on the Proposed Whitewash Resolution.

5. THE PROPOSED WHITEWASH RESOLUTION

An application was made to the SIC for the waiver of the obligation of CDPL to make a Mandatory Offer under Rule 14.1(a) of the Takeover Code should the obligation to do so arise as a result of the allotment of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking. The SIC has granted the waiver, subject to, inter alia, the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of First REIT approve at a general meeting, before the issue of the Rights Units, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from CDPL and its concert parties;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) CDPL and its concert parties as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) CDPL and its concert parties did not acquire or are not to acquire any units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in the circular):
 - (a) during the period between the first announcement of the Rights Issue and the date Unitholders' approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Rights Issue;
- (v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Proposed Whitewash Resolution;
- (vi) First REIT sets out clearly in its circular to Unitholders:
 - (a) details of the Rights Issue and the proposed issue of the Rights Units to CDPL;
 - (b) the dilution effect to existing Unitholders of voting rights upon the issue of the Rights Units to CDPL;
 - (c) the number and percentage of voting rights in First REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by CDPL and its concert parties at the Latest Practicable Date;

- (d) the number and percentage of voting rights to be acquired by CDPL upon the issue of the Rights Units;
- (e) specific and prominent reference to the possibility that the issue of the Rights Units to CDPL could result in CDPL and its concert parties holding Units carrying over 49% of the voting rights of First REIT and to the fact that CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 to make a general offer; and
- (f) specific and prominent reference to the fact that Unitholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from CDPL at the highest price paid by CDPL and its concert parties for the Units in the past six months preceding the commencement of the offer;
- (vii) the circular by First REIT to the Unitholders states that the waiver granted by the SIC to CDPL from the requirement to make a general offer under Rule 14 of the Takeover Code is subject to the conditions stated at sub-paragraphs (i) to (vi) above;
- (viii) First REIT obtains the SIC's approval in advance for those parts of the circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, approval of the Proposed Whitewash Resolution must be obtained within three months of the date of the email granting the waiver and the acquisition of the Rights Units by CDPL must be completed within three months of the date of the approval of the Proposed Whitewash Resolution.

The Independent Unitholders should note that:

- (a) **by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a general offer from CDPL at the highest price paid by CDPL and its concert parties for Units in the six months preceding the commencement of the Rights Issue.**
- (b) **the issue of the Rights Units to CDPL could result in the aggregated unitholding of CDPL and its concert parties exceeding 49% of the voting rights of First REIT, and accordingly, CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 of the Takeover Code to make a general offer.**

6. EVALUATION OF THE PROPOSED LPKR MLA RESTRUCTURING

In the course of our evaluation of the Proposed LPKR MLA Restructuring, we have given due consideration to, *inter alia*, the following factors:

- (i) the rationale for the Proposed LPKR MLA Restructuring;
 - (a) avoids the adverse consequences of a default by LPKR;
 - (b) provides clarity on asset valuations and cash flows;
 - (c) facilitates debt financing and refinancing; and
 - (d) provides for sustainable and stable long-term master lease structure and long-term value for Unitholders;

- (ii) assessment of the Proposed LPKR MLA Restructuring;
 - (a) comparison of the Proposed LPKR MLA Restructuring with the lease agreements of comparable hospital property portfolios;
 - (b) assessment of the supplemental MLA in respect of Hotel Aryaduta Manado;
 - (c) valuation of the LPKR Hospitals prepared by the Independent Valuers;
 - (d) comparison of the rent payment currency with other REITs and stapled securities listed on the SGX-ST;
 - (e) comparison of the annual base rent escalation rate against the Indonesia inflation rate;
 - (f) comparison with certain disclosed annual base rent escalation rate of Indonesia properties owned by other SGX-ST listed REIT;
 - (g) comparison with the terms of the master lease agreements of other hospitals under First REIT's existing portfolio; and
 - (h) the security deposit relating to the restructured LPKR MLA and Manado Property MLA;
- (iii) the *pro forma* financial effects of the Proposed LPKR MLA Restructuring; and
- (iv) other relevant factors such as;
 - (a) potential default by LPKR in respect of the LPKR MLAs;
 - (b) lack of suitable alternative options;
 - (c) challenging environment for the hospital sector in Indonesia; and
 - (d) improvements in portfolio weighted average lease expiry.

The factors above are discussed in further detail in the following sections.

6.1 Rationale for the Proposed LPKR MLA Restructuring

The full text of the Manager's rationale for the Proposed LPKR MLA Restructuring is set out in section 6 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed LPKR MLA Restructuring or the future prospects of First REIT after the Proposed LPKR MLA Restructuring. However, we had held discussions with the Manager on the rationale for the Proposed LPKR MLA Restructuring, including why all of the LPKR MLAs have to be restructured instead of just the IPO MLAs that are expiring in December 2021. Based on our understanding from the Manager, we wish to highlight the following salient points:

(i) Avoids the adverse consequences of a default by LPKR

We noted the Manager's view that there is a real risk and high probability that LPKR would default under the existing LPKR MLAs in the absence of the Proposed LPKR MLA Restructuring. As set out in section 6.1 of the Circular, the consequences of a default by LPKR are severe. The resulting termination of the LPKR MLAs may result in: (a) an immediate loss of approximately 72.1% of First REIT's FY2019 rental income and other income currently attributable to the LPKR Hospitals, with some losses offset by security deposits; (b) breaches in First REIT's debt covenants; (c) impairment in First REIT's

ability to execute any refinancing and meet its repayment obligations; (d) lengthy, costly and cumbersome legal disputes in Indonesia; (e) incurring of operating expenses to upkeep the vacant hospital buildings; (f) a difficult, uncertain and lengthy process to secure new healthcare and/or other relevant tenants; and (g) commitment of further capital expenditure to prepare the hospital buildings for potential new hospital tenants.

(ii) Provides clarity on asset valuations and cash flows

As set out in sections 5.1 and 6.3 of the Circular, LPKR's financial circumstances and LPKR's expressed requirements in respect of the Proposed LPKR MLA Restructuring have generated a lot of uncertainty in terms of the valuations of the LPKR Hospitals. The LPKR Hospitals have long lease terms under the LPKR MLAs, and their valuations depend very substantially on their rental terms specified in the LPKR MLAs. Should any of the LPKR MLAs be renewed at reduced rental rates or default, valuers will have to revise their valuation figures downwards.

We noted that in the absence of the Proposed LPKR MLA Restructuring, the initial term of the IPO MLAs in respect of the IPO Hospital Properties will expire in December 2021. Any isolated renewal of rental terms for any of the LPKR MLAs could in turn trigger revaluations across all of the other LPKR Hospitals. The Manager is of the view that the Proposed LPKR MLA Restructuring provides First REIT and its stakeholders (including Unitholders, lenders, other investors, analysts and financial institutions) the certainty in respect of the valuation of its assets and visibility on its future cash flows in order to operate on an ongoing basis.

(iii) Facilitates debt financing and refinancing and avoids an imminent default of repayment due on March 2021

As set out in section 6.4 of the Circular, S\$196.6 million of the S\$400 million 2018 Secured Loan Facilities entered into with First REIT's lenders will be due for repayment on 1 March 2021. We noted that First REIT's debt financing and refinancing agreements have always been on a secured basis and contained covenants which are pegged to the valuation of its properties. Any fall in the valuations of the LPKR Hospitals may potentially result in breach of covenants.

First REIT's lenders have also expressed significant concerns over the sustainability of First REIT's capital structure in light of LPKR's current financial circumstances and LPKR's expressed intentions regarding the Proposed LPKR MLA Restructuring. In this regard, the Manager is of the view that the Proposed LPKR MLA Restructuring is required to avoid an imminent default of the S\$196.6 million repayment obligation due 1 March 2021 and minimise any uncertainty in respect of future refinancing for First REIT. The Proposed LPKR MLA Restructuring will provide certainty in the rental income and valuation of its Secured Properties. This then enables First REIT to proceed with the Rights Issue and reset its capital structure to a sustainable basis and allow the market to have clarity on its long-term financial position.

(iv) Provides for sustainable and stable long-term master lease structure and long-term value for Unitholders.

As set out in section 6.6 of the Circular, the Manager is of the view that the Proposed LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure. In addition, we noted that the Proposed LPKR MLA Restructuring will maintain the current ecosystem of having LPKR and Siloam as the operators of the LPKR Hospitals under a revised master lease structure that is sustainable with improved upside sharing for First REIT, further set out in section 6.8 of the Circular.

6.2 Assessment of the Proposed LPKR MLA Restructuring

6.2.1 Comparison of the Proposed LPKR MLA Restructuring with the lease agreements of comparable hospital property portfolios

We have considered other similar lease agreements for hospital property portfolios of publicly listed REITs in order to compare the rent over earnings before interest, taxes, depreciation, amortisation, and rent (“**EBITDAR**”) ratio and Commencement Base Rent escalation rate of the Proposed LPKR MLA Restructuring with those of these selected hospital property portfolios (the “**Comparable Hospital Portfolios**”). Based on our independent search of the different sources and databases, we are unable to obtain information for our evaluation due to the absence of publicly available information on comparable lease agreements of hospital properties located in Indonesia. This is further verified by our discussions with the Independent Valuers. In view of the limited amount of publicly available information on comparable property portfolios, we have included hospital portfolio lease terms of publicly listed healthcare-related REITs on stock exchanges in Southeast Asia, the United States and Canada, based on data publicly available from 2012 to the Latest Practicable Date.

Lessor	Stock Exchange	Relevant Portfolio	Location of Properties	Lease Commencement Date	Initial Lease Term (years)	Rent / EBITDAR ratio (%) ⁽¹⁾	Annual Base Rent Escalation Rate (%)
ParkwayLife REIT	Singapore Exchange	3 hospitals ⁽²⁾	Singapore	23 August 2007	15	42.6 ⁽³⁾	2.8 ⁽⁴⁾
RHT Health Trust (formerly known as Religare Health Trust)	Singapore Exchange	11 hospitals ⁽⁵⁾	India	19 October 2012 ⁽⁶⁾	15	39.6 ⁽⁷⁾	3.0
Sunway REIT	Bursa Malaysia	1 hospital ⁽⁸⁾	Malaysia	31 December 2012	10	60.4 ⁽⁹⁾	3.5
Medical Properties Trust Inc	New York Stock Exchange	7 hospitals ⁽¹⁰⁾	United States	31 August 2015	15	43.5	3.0 ⁽¹¹⁾
NorthWest Healthcare Properties	Toronto Stock Exchange	11 hospitals ⁽¹²⁾	Australia	7 June 2019	20	45.5	2.5
Medical Properties Trust Inc	New York Stock Exchange	30 hospitals ⁽¹³⁾	United Kingdom	8 January 2020	30	50.0	2.4 ⁽¹⁴⁾

High	50.0	3.5
Mean	46.9	2.9
Median	44.5	2.9
Low	37.7	2.4

First REIT	Singapore Exchange	LPKR Hospitals subject to the Proposed LPKR MLA Restructuring	Indonesia	-	15	45.5⁽¹⁵⁾	4.5

Sources: REIT filings, REIT websites, media releases, SingStat, UK Office for National Statistics and the Manager's input.

Notes:

- (1) We observed that the Rent / EBITDAR ratio is not commonly disclosed as a basis for determining base rent for healthcare-related REITs however we have verified with the Independent Valuers that Rent / EBITDAR ratio is typically used to determine rental rates for trade related properties such as hospitals. For the purpose of our analysis, we have computed the implied Rent / EBITDAR ratio for the Comparable Hospital Portfolios.
- (2) Comprising Mount Elizabeth Hospital, Gleneagles Hospital and Parkway East Hospital.
- (3) Computed based on gross revenue disclosed in ParkwayLife REIT's FY2011 annual report, EBITDA disclosed in IHH Healthcare Berhad's IPO prospectus dated 2 July 2012, and the then prevailing Malaysian Ringgit per Singapore Dollar exchange rate of 2.44.
- (4) The annual base rent escalation rate for ParkwayLife REIT is determined by the Singapore Consumer Price Index (“**Singapore CPI**”) growth rate + 1%. For the purpose of our analysis, the annual base rent escalation rate of 2.8% was computed based on the compounded annual growth rate of the Singapore CPI of the 15-year period from 2004 – 2019 of 1.8%.

- (5) Comprising Fortis Hospitals located at Amritsar, Bannerghatta Road, Malar, Faridabad, Gurgaon, Jaipur, Kolkata, Kalyan, Mulund, Shalimar Bagh and Noida.
- (6) The lease commencement dates for the RHT Health Trust hospitals range from 14 September 2012 to 19 October 2012.
- (7) Computed based on the 2013 forecast operating income (excluding the Fortis Hospital located at Gurgaon as the 2013 forecast operating income was not disclosed for this property), operating expense, depreciation, amortisation, base service fee and variable service fee disclosed in Religare Health Trust's IPO prospectus dated 15 October 2012. Excluding the 2013 forecast variable service fee, the Rent / EBITDAR ratio would have been 31.2%.
- (8) Comprising Sunway Medical Centre.
- (9) Computed based on the estimated EBITDA for FY2012 presented in the valuation report prepared by Knight Frank, appended in Sunway REIT's circular to unitholders dated 3 December 2012.
- (10) Comprising the Capital Medical Center, EASTAR Health System, Carolina Pines Regional Medical Center, St. Mary's Regional Medical Center, National Park Medical Center, Southwestern Medical Center and Willamette Valley Medical Center.
- (11) The leases have annual CPI-based rent escalators subject to a 2% floor and a 4% ceiling. For the purpose of our analysis, we have assumed a rent escalation rate of 3.0%.
- (12) Comprising Norwest Private Hospital, The Hills Private Hospital, Darwin Private Hospital, Griffith Rehabilitation Hospital, The Melbourne Clinic, John Fawcner Private Hospital, Brisbane Private Hospital, Lady Davidson Private Hospital, Hunter Valley Private Hospital, The Sydney Clinic and Newcastle Private Hospital.
- (13) Comprising The London Independent Hospital, The Blackheath Hospital, The Alexandra Hospital, Ross Hall Hospital, The Highfield Hospital, The Beaumont Hospital, The Droitwich Spa Hospital, The Priory Hospital, The Hampshire Clinic, Sarum Road Hospital, Albyn Hospital, The Winterbourne Hospital, The Hendon Hospital, Goring Hall Hospital, Werndale Hospital, Bath Clinic, The Ridgeway Hospital, The Beardwood Hospital, Thornbury Hospital, The Park Hospital, The Clementine Churchill Hospital, Mount Alvernia Hospital, The Chaucer Hospital, Chelsfield Park Hospital, Shirley Oaks Hospital, The Sloane Hospital, The Princess Margaret Hospital, The Chiltern Hospital, The Saxon Clinic and The Manor Hospital.
- (14) The annual base rent escalation rate for Medical Properties Trust is linked to UK consumer price inflation. For the purpose of our analysis, the annual base rent escalation rate of 2.4% was derived from the compounded annual growth rate of the UK Consumer Price Index ("UK CPI") of the 30-year period from 1989 – 2019.
- (15) Being the Base Rent / EBITDAR ratio of the Proposed LPKR MLA Restructuring. The Manager has provided us with the aggregate Commencement Base Rent of the Restructured LPKR MLAs and the aggregated FY2019 EBITDAR of the LPKR Hospitals. We understand from the Manager that the Commencement Base Rent for the Proposed LPKR MLA Restructuring was negotiated with LPKR on a portfolio Commencement Base Rent / EBITDAR ratio basis.

Among the Comparable Hospital Portfolios, we note that only ParkwayLife REIT and RHT Health Trust have variable rent mechanisms as part of their respective lease structures. The variable rent has been included in the above computations for the Rent / EBITDAR ratios of ParkwayLife REIT and RHT Health Trust. For illustrative purposes, we set out below the variable rent structure for the Proposed LPKR MLA Restructuring, ParkwayLife REIT, and RHT Health Trust.

Lessor	Rent Structure
RHT Health Trust	The total of: (a) a base fee growing at 3.0% per annum; and (b) a variable fee payable quarterly in arrears and calculated based on 7.5% of the operating income of the hospital for each quarter.
ParkwayLife REIT	The higher of the following: (a) the aggregate of a base rent and a variable rent which is tied to 3.8% of the hospital's adjusted revenue for the relevant financial year; or (b) $\{1 + (\text{percentage increase in the Singapore CPI plus } 1\%)\} \times \text{the total rent paid in the immediately preceding year.}$
First REIT	The higher of the following: (a) a base rent growing at 4.5% per annum; or (b) 8.0% of the hospital's gross operating revenue.

Sources: REIT filings, REIT websites, media releases and the Manager's input

Based on the above analysis, we noted the following:

- (i) the Base Rent / EBITDAR ratio of 45.5% for the Proposed LPKR MLA Restructuring is within the range and above the median Rent/EBITDAR ratio of the Comparable Hospital Portfolios. However, it is slightly below the mean Rent / EBITDAR ratio of the Comparable Hospital Portfolios;
- (ii) the annual base rent escalation rate of 4.5% for the Proposed LPKR MLA Restructuring is above the range of the Comparable Hospital Portfolios. Please refer to sections 6.2.5 and 6.2.6 of this letter for our further analysis on the annual base rent escalation rate pursuant to the Proposed LPKR MLA Restructuring;
- (iii) the variable rent mechanisms of the restructured LPKR MLAs, ParkwayLife REIT and RHT Health Trust are different and not directly comparable. Notwithstanding this, the Base Rent / EBITDAR ratio of 45.5% for the Proposed LPKR MLA Restructuring is above the Rent / EBITDAR ratios of ParkwayLife REIT and RHT Health Trust at 42.6% and 39.6% respectively. This is despite the computation of the Rent / EBITDAR ratios of Parkway Life REIT and RHT Health Trust including their respective variable rents; and
- (iv) some REITs include a performance based variable rent mechanism in their rent structure to allow unitholders to participate in the growth of the hospital(s). In the case of the restructured LPKR MLAs, the option of receiving 8.0% of each hospital's gross operating revenue (if higher than the base rent) allows participation in each hospital's growth.

The LPKR Hospitals and the Proposed LPKR MLA Restructuring may differ from the properties in the Comparable Hospital Portfolios and their associated leases in terms of title, building specifications, net lettable area, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure, future prospects and other relevant criteria. In addition, the list of Comparable Hospital Portfolios is by no means exhaustive, and we note that certain circumstances and terms relating to the Comparable Hospital Portfolios and their associated leases are distinct and might not be identical to the LPKR Hospitals and the Proposed LPKR MLA Restructuring, and these are largely dependent on the market sentiments prevailing at the time of entry into the respective leases of the Comparable Hospital Portfolios. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.2.2 Assessment of the Supplemental MLA in respect of Hotel Aryaduta Manado

We noted that currently, Siloam Hospital Manado and Aryaduta Manado are leased by LPKR as a whole under one MLA. As the Manager's intention is to restructure the lease terms of Siloam Hospitals Manado, but not to restructure the lease terms of Hotel Aryaduta Manado, the lease terms of Siloam Hospitals Manado need to be isolated from the lease terms of Hotel Aryaduta Manado. It is therefore proposed that the relevant master lessor and the relevant master lessee enter into a separate supplemental MLA for Hotel Aryaduta Manado which will take effect from 1 January 2021, to effect amendments to the lease terms in respect of Hotel Aryaduta Manado which are intended to be consequential only, for the purpose of separating the lease terms of Hotel Aryaduta Manado from the lease terms of Siloam Hospitals Manado.

Under the terms of the Supplemental MLA in respect of Hotel Aryaduta Manado, the total monthly rent payable shall comprise (i) a base rent equivalent to S\$3,307,000 and (b) a variable rent. The total monthly rent shall be paid in Indonesian Rupiah but adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

We noted that the annual base rent escalation and the variable rent formula under the Supplemental MLA for Hotel Aryaduta Manado are as follows:

- (i) the annual base rent escalation shall be at twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year, subject to a floor of 0.0% and a cap of 2.0%; and
- (ii) the variable rent will be based on the audited GOR growth of Hotel Aryaduta Manado, to be computed as follows:

$A \times B$

Where:

Variable rent factor ("A") is computed as follows:

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 5% but less than 15%, A is 0.75%.

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 15% but less than 30%, A is 1.25%.

If GOR of the preceding financial year of Hotel Aryaduta Manado exceeds the GOR of the further preceding financial year of Hotel Aryaduta Manado by more than or equal to 30%, A is 2.00%; and

"B" is the surplus of GOR of the preceding financial year of the Hotel Aryaduta Manado over the GOR of the further preceding financial year of Hotel Aryaduta Manado.

These terms are similar to that of the existing Manado Property MLA except that they shall apply starting from the first anniversary date of the commencement date instead of the third anniversary date.

We further noted from the Valuation Reports that the Independent Valuers have compared the proposed base rent for Hotel Aryaduta Manado with similar hospitality properties (such as serviced residences and apartments) in the surrounding area. Having considered the comparison and other relevant information, the Independent Valuers are of the opinion that the revised base rent for Hotel Aryaduta Manado of S\$3,307,000 is broadly in line with market rent.

6.2.3 Valuation of the LPKR Hospitals prepared by the Independent Valuers

The Manager has commissioned Knight Frank and the Trustee has commissioned Cushman & Wakefield to assess the market value of the LPKR Hospitals.

We have reviewed the Valuation Reports for the LPKR Hospitals and the key observations highlighted by the Independent Valuers are as follows:

- (i) trade related properties such as hospitals and hotels are bought and sold on the basis of their trading potential. The calculation of the proposed contract market rental has been assessed via a ratio of the Rent / EBITDAR, which is typical and reflective of the asset as a trade related property;
- (ii) based on publicly available information and the Rent / EBITDAR ratio for some of the above stated Comparable Hospital Portfolios, the proposed rental structure with a 45.5% Rent / EBITDAR ratio is generally reasonable;

- (iii) hospital premises are rarely available for direct rental due to scarcity of such premises in the property market. Hospitals are usually leased for long term and do not change hands as often as other commercial properties. This is especially so in Indonesia where hospitals are commonly built-to-suit and owner operated. As such, there are limited transactions and publicly available information available for direct comparison;
- (iv) Each of the Independent Valuers has made comparisons with commercial properties in the surrounding areas of each of the LPKR Hospitals to understand the reasonableness of the base rents under the Proposed LPKR MLA Restructuring. The types of comparable properties used includes (a) retail and hospitality properties which are trade related and similar in nature as hospitals, and (b) office properties which share similarities with the consultation and administrative nature of hospitals; and
- (v) Rental escalation rate of lease agreements for retail and commercial properties typically ranges from 3% to 5%, and the Annual Base Rent Escalation Rate of the restructured LPKR MLA of 4.5% seems reasonable in comparison.

Having considered the above, the Independent Valuers are of the opinion that the proposed base rental rates for the LPKR Hospitals are broadly in line with market rents.

The valuation certificates issued by the Independent Valuers are set out in Appendix D of the Circular.

6.2.4 Comparison of the rent payment currency with other REITs and stapled securities listed on the SGX-ST

We note that under the current MLAs for the LKPR Hospitals, rent payments are made in Singapore Dollar at a predetermined Singapore Dollar to Indonesian Rupiah exchange rate. In connection with the Proposed LPKR MLA Restructuring, the revised rent payments will be made in Indonesian Rupiah instead of Singapore Dollar. In our assessment of the rent payment currency for the restructured LPKR MLAs, we have compared rent payment arrangements of SGX-ST listed REITs or stapled securities with foreign properties in their portfolio at their respective point of listing ("**Selected Comparable REITs**"). For the purpose of our analysis, we have only included REITs that were listed from 1 January 2010 till the Latest Practicable Date:

Prospectus date	REIT	Currency which Units are quoted in	Initial Portfolio Location(s)	Primary Currency of Rental Income
3 March 2020	United Hampshire US REIT	US Dollar	United States	US Dollar
28 January 2020	Elite Commercial REIT	Pound Sterling	United Kingdom	Pound Sterling
25 September 2019	Lendlease Global Commercial REIT	Singapore Dollar	Italy, Singapore	Euro, Singapore Dollar
8 July 2019	Prime US REIT	US Dollar	United States	US Dollar
16 May 2019	Eagle Hospitality Trust	US Dollar	United States	US Dollar
2 May 2019	ARA US Hospitality Trust	US Dollar	United States	US Dollar
21 March 2018	Sasseur REIT	Singapore Dollar	People's Republic of China	Chinese Renminbi
22 November 2017	Cromwell European REIT	Euro and Singapore Dollar	Europe	Euro, Danish Krone
2 November 2017	KBS US REIT	US Dollar	United States	US Dollar
20 July 2016	EC World REIT	Singapore Dollar	People's Republic of China	Chinese Renminbi
10 June 2016	Frasers Logistics & Commercial Trust (formerly known as Frasers Logistics & Industrial Trust)	Singapore Dollar	Australia	Australian Dollar
12 May 2016	Manulife US REIT	US Dollar	United States	US Dollar
2 December 2015	BHG Retail REIT	Singapore Dollar	People's Republic of China	Chinese Renminbi

Prospectus date	REIT	Currency which Units are quoted in	Initial Portfolio Location(s)	Primary Currency of Rental Income
5 December 2014	Keppel DC REIT	Singapore Dollar	Singapore, Australia, Malaysia, United Kingdom, Netherlands, Ireland	Australian Dollar, Malaysian Ringgit, Euro, Pound Sterling
4 August 2014	IREIT Global	Singapore Dollar	Germany	Euro
30 June 2014	Frasers Hospitality Trust	Singapore Dollar	Singapore, Malaysia, Japan, Australia, United Kingdom	Singapore Dollar, Malaysian Ringgit, Japanese Yen, Australian Dollar, Pound Sterling
17 January 2014	OUE Commercial REIT	Singapore Dollar	Singapore, People's Republic of China	Singapore Dollar, Chinese Renminbi
2 May 2013	Croesus Retail Trust	Singapore Dollar	Japan	Japanese Yen
27 February 2013	Mapletree Greater China Commercial Trust	Singapore Dollar	People's Republic of China, Hong Kong SAR	Chinese Renminbi, Hong Kong Dollar
15 October 2012	RHT Health Trust (formerly known as Religare Health Trust)	Singapore Dollar	India	Indian Rupee
18 July 2012	Ascendas Hospitality Trust ⁽¹⁾	Singapore Dollar	People's Republic of China, Japan, Australia	Chinese Renminbi, Japanese Yen, Australian Dollar
27 May 2011	Perennial China Retail Trust	Singapore Dollar	People's Republic of China	Chinese Renminbi
4 December 2006	First REIT	Singapore Dollar	Indonesia	Singapore Dollar

Sources: REIT IPO Prospectuses and SAC Capital's analysis

Note:

- (1) Ascendas Hospitality REIT has merged with Ascott Residence Trust by way of a trust scheme arrangement which was effective on 19 December 2019, and Ascendas Hospitality REIT was subsequently delisted on 3 January 2020.

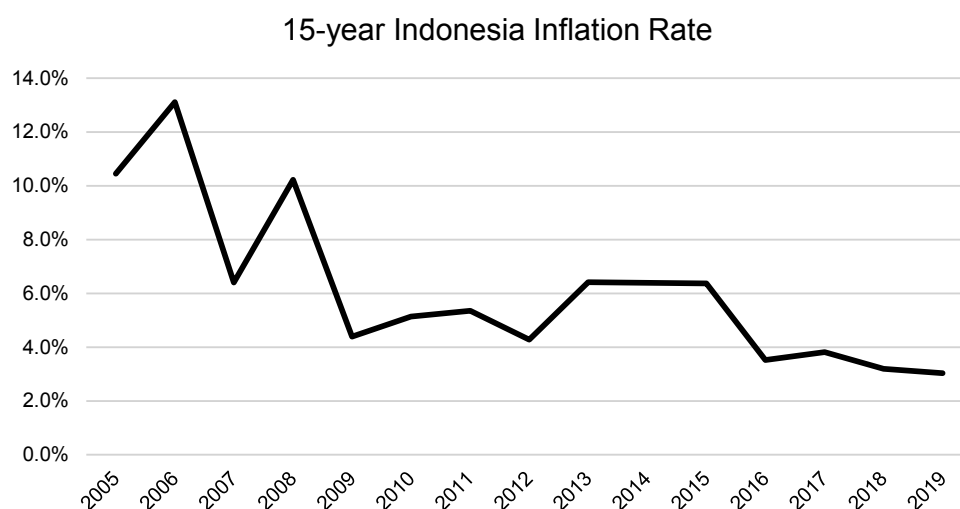
Based on the table above, we noted that it is common for REITs or stapled securities listed on the SGX-ST to receive rental income primarily in the domicile currency of the country where the properties are situated. We further note that it is common for such REITs, particularly if distributions to unitholders are denominated in a different currency from rental income, to utilise hedging strategies where appropriate to manage their foreign exchange exposure. We understand from the Manager that they intend to adopt suitable hedging strategies with respect to the foreign exchange exposure resulting from the restructured LPKR MLAs' rent payments in Indonesian Rupiah.

We wish to highlight that the list of Selected Comparable REITs is by no means exhaustive and they may differ from First REIT in terms of, *inter alia*, business activities, type of properties, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record, future prospects and other relevant criteria. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.2.5 Comparison of annual base rent escalation rate against the Indonesia inflation rate

Based on our observations, we noted that the step-up escalation in base rent is typically intended to compensate lessors for inflation risks. As such, we have compared the base rent escalation rate with the historical and forecasted inflation rate in Indonesia across different time periods.

We have set out a graphical representation of the 15-year Indonesia inflation rate for the period between 2005 to 2019 below:



Source: World Bank

As shown in the chart above, we note that Indonesia's inflation rate has been trending downwards between 2005 to 2019 from a high of 13.1% in 2006 to a low of 3.0% in 2019.

We have also set out a comparison between the average historical Indonesia inflation rate across various time periods between 2005 to 2019 and the base rent escalation rate of 4.5% in the table below:

Time Period	Average Indonesia's Inflation Rate (%)
15 years (Between 2005 to 2019)	6.1
10 years (Between 2010 to 2019)	4.7
5 years (Between 2015 to 2019)	4.0
3 years (Between 2017 to 2019)	3.3
1 year (2019)	3.0

Source: World Bank

Based on the above analysis, we note the following:

- (i) the base rent escalation rate of 4.5% is higher than Indonesia's inflation rate over the historical 1-year, 3-year and 5-year period of 3.0%, 3.3% and 4.0% respectively;
- (ii) the base rent escalation rate of 4.5% is lower than Indonesia's inflation rate over the historical 10-year and 15-year period of 4.7% and 6.1% respectively; and
- (iii) the average Indonesia inflation rate has been decreasing in recent years.

As at the Latest Practicable Date, we have obtained forecasts of Indonesia's inflation rate from 2021 to 2035 (where available) from Euromonitor International ("**Euromonitor**"), Bloomberg L.P. ("**Bloomberg**"), the International Monetary Fund ("**IMF**") and Fitch Solutions Group Limited ("**Fitch**"), and compared against the annual base rent escalation of 4.5%. A summary of the comparison is set out below:

	Euromonitor	Bloomberg	IMF	Fitch
Forecast Years	2021 - 2035	2021 - 2022	2021 - 2025	2021 - 2029
Annualised forecast inflation rate (%)	3.8	2.6	2.8	3.4

Source: Euromonitor, Bloomberg, IMF, Fitch and SAC Capital's computation

We note the base rent escalation of 4.5% is higher than the annualised forecasts of Indonesia's inflation rate from Euromonitor, Bloomberg, IMF and Fitch of 3.8%, 2.6%, 2.8% and 3.4% respectively.

The Indonesia inflation rate forecasts are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasts and should not in any way relied upon as an indication or a guarantee of its future performance. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.2.6 Comparison with certain disclosed annual base rent escalation rate of Indonesia properties owned by other SGX-ST listed REIT

Based on publicly available information, we noted that Lippo Malls Indonesia Retail Trust ("**LMIR Trust**"), being another REIT listed on the SGX-ST with a substantial portion of its property portfolio in Indonesia, had similar annual base rent escalation rates. On 17 October 2017, LMIR Management Ltd., in its capacity as the manager of LMIR Trust, announced the entering into new leases for three-year terms with underlying tenants of retail spaces at certain of the malls in LMIR Trust's existing portfolio (the "**LMIR Properties**"). Some of these new leases were with Interested Persons (the "**LMIR IP Leases**") and had lease terms and annual base rent escalation rates as follows:

Lessor / Interested Persons	Nature of Transaction	Location	Lease Commencement Date	Lease Term (years)	Annual Base Rent Escalation Rate (%)
PT Matahari Department Store Tbk	Lease for Matahari Department Store	Indonesia	10 November 2017	3	4.0
PT Matahari Putra Prima Tbk	Lease for Hypermart	Indonesia	19 November 2017	3	2.0
PT Matahari Graha Fantasi	Lease for Timezone	Indonesia	19 November 2017	3	5.0

Source: LMIR Trust announcement dated 17 October 2017

We noted that annual base rent escalation rate of 4.5% under the Proposed LPKR MLA Restructuring is above the annual base rent escalation rate for the leases to PT Matahari Department Store Tbk and PT Matahari Putra Prima Tbk but below the annual base rent escalation rate for PT Matahari Graha Fantasi. The annual base rent escalation rates for the LMIR IP Leases were also consistent with the observations made by the Independent Valuers that retail and commercial properties commonly have rental escalation rates of 3% to 5%.

The LPKR Hospitals and the restructured LPKR MLAs may differ from the LMIR Properties and the LMIR IP Leases in terms of title, building specifications, net lettable area, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure, future prospects and other relevant criteria. The circumstances and terms relating to the LMIR Properties and the LMIR IP Leases are distinct and might

not be identical to the LPKR Hospitals and the restructured LPKR MLAs, and these are largely dependent on the market sentiments prevailing at the time of entry into the LMIR IP Leases. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.2.7 Comparison with the terms of the master lease agreements of other hospitals under First REIT's existing portfolio

We have compared the principal terms of the restructured LPKR MLAs to the terms of the master lease agreements of other Indonesian hospitals under First REIT's existing portfolio (the "**Existing Hospitals**"). A summary of the comparison is set out below:

Property	Initial Lease Term (Years)	Renewal Option	Base Rent / EBITDAR ratio (%)	Annual Base Rent Escalation Rate (%)
MPU Hospitals ⁽¹⁾	15 years	Option to renew for a further period of 15 years	45.5	4.5
Siloam Hospitals Lippo Cikarang (" SHLC ") ⁽²⁾	15 years	Option to renew for a further period of 15 years	49.1	1.8 ⁽³⁾
LPKR Hospitals	15 years	Option to renew for a further period of 15 years	45.5	4.5

Source: Circular, the Manager's input, and the announcements and annual reports of First REIT.

Notes:

- (1) On 22 October 2020, the Manager announced that it has received a request from PT. Metropolis Propertindo ("**MPU**") for (a) additional rental relief for the second half of 2020; (b) flexibility in the payment of outstanding rents; and (c) restructuring of the existing master lease agreements entered into with MPU and its subsidiary PT Bumi Sarana Sejahtera in respect of (i) Siloam Sriwijaya; (ii) Siloam Hospitals Purwakarta; and (iii) Siloam Hospitals Kupang & Lippo Plaza Kupang (the "**MPU Hospitals**"). MPU is neither an Interested Person (for the purposes of the Listing Manual) nor an Interested Party (for purposes of the Property Funds Appendix) of First REIT. The master lease agreements of the MPU Hospitals will also be restructured together with the Proposed LPKR MLA Restructuring and the terms set out above are based on the terms of the revised master lease agreements.
- (2) The lessee of SHLC is PT East Jakarta Medika which is indirectly owned by Siloam Hospitals. As disclosed in First REIT's circular dated 10 November 2010 at the time of acquisition and the entry into a master lease agreement in respect of SHLC, the Manager was of the opinion that the master lease agreement in respect of SHLC was made on normal commercial terms and not prejudicial to the interests of First REIT and the Unitholders.
- (3) The annual base rent escalation rate for Siloam Hospitals Lippo Cikarang is determined by twice the Singapore CPI growth rate, subject to a floor of 0% and a cap of 2.0%. The annual base rent escalation rate of 1.8% was computed based on the compounded annual growth rate of the Singapore CPI from 2004 to 2019.

Based on the above analysis, we note the following:

- (i) the Base Rent / EBITDAR ratio of 45.5% for the Proposed LPKR MLA Restructuring is identical to the MPU Hospitals but lower than SHLC; and
- (ii) the annual base rent escalation rate of the restructured LPKR MLAs of 4.5% is identical to the leases for the MPU Hospitals and higher than the lease for SHLC.

The above analysis serves as one of the factors considered by us in our evaluation and may not on its own be meaningful to a satisfactory extent. The LPKR Hospitals and the restructured LPKR MLAs may differ from the Existing Hospitals and their associated leases in terms of title, building specifications, net lettable area, location, accessibility, profile and composition of tenants, occupancy rate, outstanding lease tenure, future prospects and other relevant criteria. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.2.8 The security deposits relating to the restructured LPKR MLAs and Manado Property MLA

Security deposit is a deposit placed as security for compliance by the lessee of all the provisions in the lease agreement and as security for the trustee in respect of any loss or damage resulting from any default by the lessee under the lease agreement.

Under the terms of the existing LPKR MLAs and the Manado Property MLA, the relevant master lessees are required to pay to and maintain with the relevant master lessors a security deposit equivalent to six months of the monthly rent payable by the relevant master lessees. This may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospital Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only).

We note that under the terms of the restructured LPKR MLAs and the supplemental MLA for Hotel Aryaduta Manado, the security deposit payable by the relevant master lessees to the relevant master lessors shall be:

- (i) (in the case of the restructured LPKR MLAs) eight months of the total monthly rent payable for each such year, which shall be furnished by the relevant master lessee to the relevant master lessor; and
- (ii) (in the case of the supplemental MLA for Hotel Aryaduta Manado) six months of the total monthly rent payable for each such year, which shall be furnished by the master lessor by way of an irrevocable bank guarantee in respect of each security deposit.

Comparatively (as announced by First REIT on 29 November 2020), under the terms of the restructured MLAs for the MPU Hospitals (the “**Restructured MPU MLAs**”), the security deposit payable by MPU to the relevant master lessors shall be, for each year in the supplemental lease term, eight months of the total monthly rent payable for each such year, which shall be furnished by way of cash payment, performance bond or an irrevocable bank guarantee. We noted that the security deposit payable, in terms of the number of months of rent for the restructured LPKR MLAs is identical to the Restructured MPU MLAs.

We have also compared the amount of security deposits (in terms of months of rent) of lease agreements entered into by other SGX-ST listed hospitality and healthcare REITs at their respective point of listing (“**Selected Comparable Hospitality and Healthcare REITs**”) in the table below:

Prospectus date	REIT	Security Deposit (months)
10 July 2006	CDL Hospitality Trust	3.3 to 4.3 ⁽¹⁾
7 August 2007	ParkwayLife REIT	3.0 ⁽²⁾
18 July 2012	Ascendas Hospitality REIT ⁽³⁾	1.0 ⁽⁴⁾
16 August 2012	Far East Hospitality Trust	6.0 ⁽⁵⁾
18 July 2013	OUE Hospitality Trust ⁽⁶⁾	6.0 ⁽⁷⁾
30 June 2014	Frasers Hospitality Trust	8.0 ⁽⁸⁾
16 May 2019	Eagle Hospitality Trust	9.0 ⁽⁹⁾

Sources: REIT IPO Prospectuses and SAC Capital's analysis

Notes:

- (1) The security deposit (in months) is computed based on cash security deposit for each of Orchard Hotel, Grand Copthorne Waterfront Hotel, M Hotel and Copthorne King's Hotel divided by their respective fixed rent and service charges.
- (2) The security deposit (in months) is computed based on the bankers' guarantee amounting to S\$7.5 million which are provided to Parkway Life REIT by Parkway Hospitals Singapore Pte Ltd, in lieu of security deposits, divided by the minimum base rent for the financial year ended 31 December 2007 of S\$30.0 million.

- (3) Ascendas Hospitality REIT has merged with Ascott Residence Trust by way of a trust scheme arrangement which was effective on 19 December 2019, and Ascendas Hospitality REIT was subsequently delisted on 3 January 2020.
- (4) The security deposit (in months) is in relation to Hotel Sunroute Ariake and computed based on the security deposit of ¥81,848,865 divided by the monthly fixed rent of ¥81,848,865.
- (5) The security deposit (in months) is equivalent to six (6) months of the monthly fixed rent.
- (6) OUE Hospitality Trust has merged with OUE Commercial REIT by way of a trust scheme of arrangement which was effective on 4 September 2019, and OUE Hospitality Trust was subsequently delisted on 17 September 2019.
- (7) The security deposit (in months) is equivalent to six (6) months of the monthly fixed rent.
- (8) The security deposit (in months) is equivalent to eight (8) months of the monthly fixed rent.
- (9) The security deposit (in months) is equivalent to nine (9) months of the monthly fixed rent.

We noted that the security deposit payable of six to eight months of the total monthly rent payable for each year for the restructured LPKR MLAs and the supplemental MLA for Hotel Aryaduta Manado is within the range of the security deposits held by the Selected Comparable Hospitality and Healthcare REITs.

We wish to highlight that the list of Selected Comparable Hospitality and Healthcare REITs is by no means exhaustive and they may differ from First REIT in terms of, *inter alia*, business activities, type of properties, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record, future prospects and other relevant criteria. Accordingly, the Independent Directors, the ARC, the IC, and the Trustee should note that the above comparison is merely for illustrative purposes and serves as a general guide only.

6.3 **Pro forma financial effects of the Proposed LPKR MLA Restructuring and the Rights Issue**

The *pro forma* financial effects (and the relevant assumptions thereof) of the Proposed LPKR MLA Restructuring and the Rights Issue are provided in section 15 of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

We set out below the following *pro forma* financial analysis of the Proposed LPKR MLA Restructuring and the Rights Issue for illustrative purposes:

For the financial year ended 31 December 2019	Before the Proposed LPKR MLA Restructuring ⁽¹⁾	After the Proposed LPKR MLA Restructuring		After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue	
	Amount	Amount	% Change	Amount	% Change
DPU (S\$ cents) ⁽²⁾	8.60	4.98	-42.1%	2.59	-69.9%
NAV per Unit (S\$ cents) ⁽³⁾	99.64	57.80	-42.0%	35.95	-63.9%
Aggregate leverage	34.5%	45.4%	31.6%	33.9%	-1.7%

Source: Section 15.1 of the Circular

Notes:

- (1) Based on the audited consolidated financial statements of First REIT for the financial year ended 31 December 2019.
- (2) Based on the Units in issue and to be issued of 799,992,974 Units before the Rights Issue, and 1,591,055,974 Units after the Rights Issue.
- (3) Based on the Units in issue and to be issued of 797,674,515 Units before the Rights Issue, and 1,588,737,515 after the Rights Issue.

For the six-month period ended 30 June 2020 ("1H2020")	Before the Proposed LPKR MLA Restructuring ⁽¹⁾	After the Proposed LPKR MLA Restructuring		After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue	
	Amount	Amount	% Change	Amount	% Change
DPU (S\$ cents) ⁽²⁾	2.30	0.89	-61.3%	0.55	-76.1%
NAV per Unit (S\$ cents) ⁽³⁾	96.98	55.39	-42.9%	34.62	-64.3%
Aggregate leverage	34.9%	46.1%	32.1%	34.4%	-1.4%

Source: Section 15.2 of the Circular

Notes:

- (1) Based on the unaudited consolidated financial statements of First REIT for the six-month financial period ended 30 June 2020, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the month of May and June 2020.
- (2) Based on the Units in issue and to be issued of 804,523,401 Units before the Rights Issue, and 1,595,586,401 Units after the Rights Issue.
- (3) Based on the Units in issue and to be issued of 802,343,424 Units before the Rights Issue, and 1,593,406,424 Units after the Rights Issue.

We note that after the Proposed LPKR MLA Restructuring:

- (i) the DPU is expected to decrease by 42.1% and 61.3% based on the financial information for FY2019 and 1H2020 respectively;
- (ii) the NAV per Unit is expected to decrease by 42.0% and 42.9% based on the financial information for FY2019 and 1H2020 respectively; and
- (iii) the aggregate leverage is expected to increase from 34.5% to 45.4% and from 34.9% to 46.1% based on the financial information for FY2019 and 1H2020 respectively.

We further note that after the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue:

- (i) the DPU is expected to decrease by 69.9% and 76.1% based on the financial information for FY2019 and 1H2020 respectively;
- (ii) the NAV per Unit is expected to decrease by 63.9% and 64.3% based on the financial information for FY2019 and 1H2020 respectively; and
- (iii) the aggregate leverage is expected to decrease from 34.5% to 33.9% and from 34.9% to 34.4% based on the financial information for FY2019 and 1H2020 respectively.

6.4 Other Relevant Considerations

We have also considered the following in our evaluation on the Proposed LPKR MLA Restructuring:

6.4.1 Potential default by LPKR in respect of the LPKR MLAs

As set out in section 5.1 of the Circular, we understand that LPKR has been facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses. The situation is exacerbated by the depreciation of the Indonesian Rupiah against the Singapore Dollar by approximately 44.8% since the IPO of First REIT, which adds further pressure on LPKR as rent payments under the existing LPKR MLAs have to be made in Singapore Dollars. Despite efforts undertaken by LPKR to improve its financial position, LPKR continues to face severe liquidity challenges in the future given its significant recurring expense and weak operating cash flows from its other businesses. LPKR's dire liquidity position is also confirmed by recent reports issued by S&P Global Ratings, Fitch Ratings Singapore Pte. Ltd. and Moody's Investor

Service. The Manager understands that the impact of the Covid-19 pandemic on LPKR's business is substantial and has further weakened its operating performance in the medium term.

We noted that the Manager had carried out extensive engagements with LPKR and after giving due consideration, the Manager understands that without the Proposed LPKR MLA Restructuring, there is a real risk and high probability that LPKR would default under the existing LPKR MLAs. Therefore, the Manager is of the view that the Proposed LPKR MLA Restructuring should be carried out to, *inter alia*, avoid the potential consequences of a default by LPKR as set out in section 6.1 of the Circular and as follows:

- (i) an immediate loss of approximately 72.1% of First REIT's FY2019 rental income and other income currently attributable to the LPKR Hospitals, notwithstanding that such loss could be partially offset in the immediate term by existing security deposits;
- (ii) breaches in First REIT's debt covenants;
- (iii) impairment in First REIT's ability to execute any refinancing and meet its repayment obligations, in particular the S\$196.6 million debt coming due on 1 March 2021;
- (iv) lengthy, costly and cumbersome legal disputes, in particular in Indonesia;
- (v) incurring of operating expenses to upkeep the vacant hospital buildings from being in physical disrepair, deterioration and dilapidation;
- (vi) as healthcare assets are specialised assets that are typically built-to-suit, finding alternative users or tenants is challenging. Such an event will trigger a difficult, uncertain and lengthy leasing exercise to secure new healthcare and/or other relevant tenants, as hospital tenants need to obtain various local regulatory approvals and permits to operate a hospital; and
- (vii) further capital expenditure injections may be required to renovate or enhance the hospital buildings to the requirements of potential new hospital tenants.

In addition, should the Proposed LPKR MLA Restructuring not proceed and LPKR defaults in respect of the LPKR MLAs, First REIT may be involved in a lengthy and expensive process of enforcing its legal rights in Indonesia. Further details on the legal rights available to First REIT in the event of a default is set out in section 6.2 of the Circular.

6.4.2 Lack of suitable alternative options

On 30 September 2020, the Manager announced that it had appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to the Manager in connection with the restructuring discussions. The Independent Committee has since been engaging with LPKR to understand the context of LPKR's request and negotiate the terms of a restructuring.

We have discussed and understand from the Manager that it has decided to proceed with the Proposed LPKR MLA Restructuring after considering all available alternative options. In this regard, we note that the Manager has considered and explored alternative options, which for various reasons summarised below, are less suitable compared to the Proposed LPKR MLA Restructuring.

(i) Enforcing legal rights in Indonesia

We noted that the Manager has considered enforcing its legal rights under the LPKR MLA should LPKR defaults. Based on the various reasons set out in section 6.2 of the Circular, the Manager is of the view that the Proposed LPKR MLA Restructuring should be carried out to prevent a default by LPKR under the LPKR MLAs, in order for First REIT to avoid the time, costs and complications of enforcing its legal rights in Indonesia.

(ii) Alternative operators

As set out in section 6.8 of the Circular, we noted that First REIT has explored third party interest in operating three hospital assets in the First REIT hospital portfolio through a tender process where PT Willson Properti Advisindo in association with Knight Frank was engaged to reach out to 43 foreign and local hospital operators. The process culminated in First REIT only receiving one bid from a related party and the terms were worse off as compared to the terms under the Proposed LPKR MLA Restructuring. This illustrates the practical difficulty in finding alternative lessees and/or operators for the First REIT's hospital assets as Indonesian hospitals are commonly build-to-suit and owner operated.

(iii) Sale of assets

We further understand from the Manager that in their view, a proposed sale of the LPKR Hospitals to potential investors will not be feasible without certainty on the renewal of the master lease agreements that are expiring in 2021.

6.4.3 Challenging environment for the hospital sector in Indonesia

According to the independent market research report issued by Frost and Sullivan, hospital operators in Indonesia are facing a significant downturn due to a combination of factors, one of the key reasons being the large influx of Covid-19 patients and the limited availability of facilities to treat these patients. Non-Covid-19 hospitals are also witnessing a significant decrease in outpatients due to large-scale social restrictions imposed by the Government of Indonesia. As a result of the Covid-19 pandemic, outpatient volumes in Indonesia in 2020 have decreased relative to previous years, as individuals remain apprehensive about visiting hospitals due to fear of contracting the virus at the hospital premises. Many individuals prefer to stay indoor because of the requirement to take a Covid-19 PCR test prior to visiting the doctor. Otherwise, they resort to telemedicine apps for minor or first stage "check-ups" to avoid visiting the hospital. Frost and Sullivan expects this trend of reduced outpatients to continue in 2021 as patients and providers increasingly move towards telemedicine. Furthermore, there have been delays in elective surgeries caused by the Covid-19 pandemic. Hospitals have been delaying these surgeries to limit the spread of the coronavirus and to focus medical personnel, health facilities, and medical equipment on handling the Covid-19 patients. Such delays are likely to cause significant backlogs in hospitals and impact the yearly revenue of hospitals.

Siloam's operations are similarly affected by the Covid-19 pandemic. Outpatient and inpatient volumes across Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta have plunged 22% and 25% respectively for 9M2020 as compared to the prior year. Siloam's revenue and earnings before interests, taxes, depreciation and amortisation have decreased 22% and 55% respectively for 2Q2020 when compared to the same quarter in 2019. Inpatient traffic for Siloam in 3Q2020 has continued to deteriorate, falling 39% on a year-on-year basis. One of the reasons for the adverse performance of Siloam is due to the reservation of segregated space at certain hospitals for the treatment of Covid-19 cases which have in-turn significantly limited the capacity of hospitals to treat non-Covid-19 cases. The Manager understands that the performance of the hospital sector in Indonesia is expected to remain

challenging in 4Q2020 and in 2021 as infection and death rates arising as a result of the Covid-19 pandemic remain elevated.

6.4.4 Improvements in portfolio weighted average lease expiry (“WALE”)

We note that as at 31 December 2019, First REIT had a WALE of 7.4 years. Following the completion of the Proposed LPKR MLA Restructuring, the WALE of First REIT will improve to 12.0 years which provides a more certain and stable lease profile to reposition First REIT for future growth.

7. EVALUATION OF THE PROPOSED WHITEWASH RESOLUTION

In the course of our evaluation of the Proposed Whitewash Resolution, we have given due consideration to, *inter alia*, the following factors:

- (i) the rationale for the Proposed Whitewash Resolution and use of proceeds;
- (ii) the Rights Units being offered to Eligible Unitholders on a renounceable and pro-rata basis;
- (iii) the assessment of the Issue Price against historical Unit price performance;
- (iv) the market statistics of selected rights issue; and
- (v) other relevant considerations such as;
 - (a) to avoid an imminent default on existing debt;
 - (b) support from CDPL and its concert parties;
 - (c) alternative fund-raising options;
 - (d) implications of approval for the Proposed Whitewash Resolution;
 - (e) potential dilution effect on the Independent Unitholders arising from the Rights Issue;
 - (f) *pro forma* financial effects of the Rights Issue; and
 - (g) conditionality of the proposed Resolutions.

The factors above are discussed in further detail in the following sections.

7.1 Rationale for the Proposed Whitewash Resolution and the Use of Proceeds

It is not within our terms of reference to comment or express an opinion on the merits of the proposed Rights Issue and the Proposed Whitewash Resolution or the future prospects of First REIT after the proposed Rights Issue and the Proposed Whitewash Resolution. The use of proceeds for the Rights Issue and the rationale for the Proposed Whitewash Resolution as set out in paragraph 9.10 and 11 of the Circular respectively are reproduced in italics below. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

“Rationale for the Proposed Whitewash Resolution

The Proposed Whitewash Resolution is to allow CDPL to be issued the Rights Units pursuant to the OUE Irrevocable Undertaking. The rationale is set out as follows.

As explained in paragraph 6.4 of this Letter to Unitholders, First REIT needs to make repayment of S\$140 million to its lenders to complete the refinancing of the 2018 Secured Loan Facilities and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021. The Manager intends to finance the S\$140 million from the Rights Issue and has tried but has not been able to find a financial institution which will commit to underwriting the Rights Issue at this stage.

Having explored various alternatives, and while the Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Rights Issue to be underwritten prior to the launch of the Rights Issue, the only viable option currently available to First REIT which provides certainty of a successful Rights Issue is to have CDPL provide full support for the Rights Issue in terms of taking up Units which are not subscribed for under the Rights Issue.

Further, the Manager is of the view that allowing CDPL to be issued the Rights Units will demonstrate the long-term commitment of OUE to First REIT. It will also further align the interests of OUE with Unitholders.

Accordingly, the Manager has procured the FRML Irrevocable Undertaking, the OUE LH Irrevocable Undertaking and the OUE Irrevocable Undertaking as part of its strategy to maximise the total amount raised through the Rights Issue while reducing the uncertainty surrounding the total proceeds to be obtained from the Rights Issue.

Use of Proceeds

The Rights Issue is expected to raise gross proceeds of approximately S\$158.2 million, based on an indicative Issue Price of S\$0.20 per Rights Unit. The gross proceeds raised from the Rights Issue are intended to be used in the following manner:

- (a) approximately S\$140.0 million (which is equivalent to 88.5% of the gross proceeds of the Rights Issue) to repay part of the 2018 Secured Loan Facilities;
- (b) approximately S\$5.5 million (which is equivalent to 3.5% of the gross proceeds of the Rights Issue) for the estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue;
- (c) approximately S\$3.4 million (which is equivalent to 2.1% of the gross proceeds of the Rights Issue) for master lease restructuring costs; and
- (d) approximately S\$9.3 million (which is equivalent to 5.9% of the gross proceeds of the Rights Issue) for working capital of First REIT.

Based on the FRML Irrevocable Undertaking, the OUE LH Irrevocable Undertaking and the OUE Irrevocable Undertaking (as described in paragraphs 9.7, 9.8 and 9.9 of this Letter to Unitholders respectively), the Manager expects that the minimum proceeds raised from the Rights Issue will be sufficient to meet First REIT's present funding requirements."

7.2 Rights Units being offered to Eligible Unitholders on a renounceable and pro-rata basis

Entitled Unitholders will be provisionally allotted the Rights Units under the Rights Issue on the basis of their unitholdings in First REIT as at the Rights Issue Record Date, fractional entitlements to be disregarded. Eligible Unitholders will be at liberty to accept in part or in full, decline, or otherwise renounce or trade (during the "nil-paid" rights trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

Pursuant to the OUE Irrevocable Undertaking, OUE will in accordance with the terms and conditions of the Rights Issue:

- (i) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking); or
- (ii) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking).

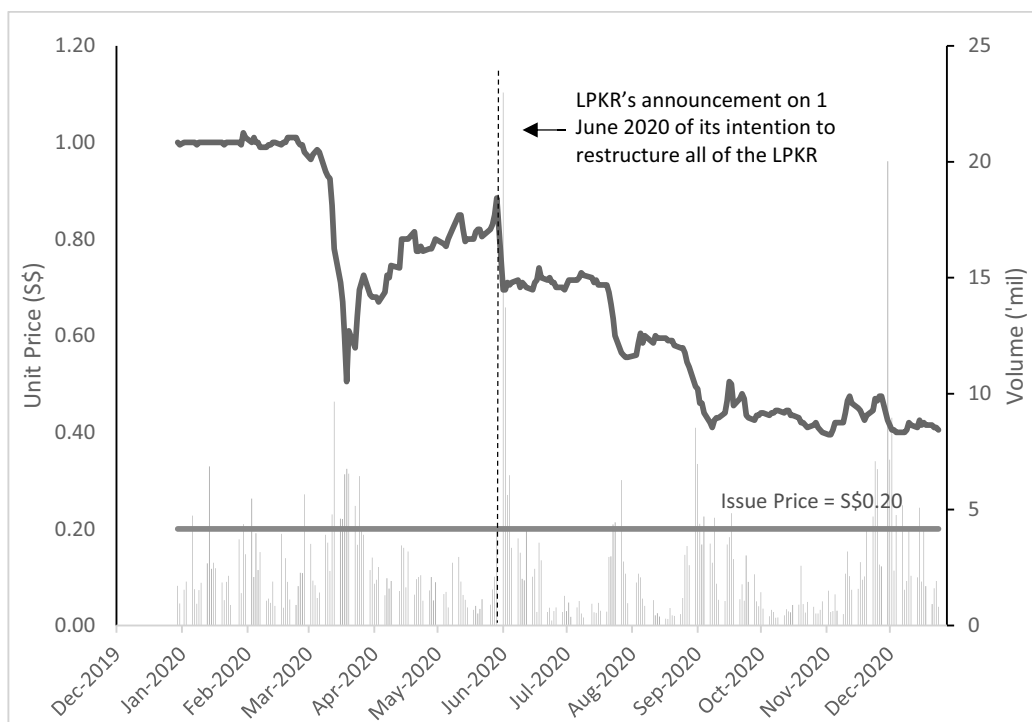
In the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any). Directors of the Manager (“**Directors**”) and Substantial Unitholders who have control or influence over First REIT or the Manager in connection with the day-to-day affairs of First REIT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units, in whole or in part.

Accordingly, Independent Unitholders will not be disadvantaged or prejudiced relative to CDPL and its concert parties in the allocation of their application for their entitlements of Rights Units and the Excess Rights Units pursuant to the Rights Issue.

7.3 Assessment of the Issue Price against historical Unit price performance

In evaluating whether the Issue Price of S\$0.20 for each Rights Unit is reasonable, we have considered the historical price performance of the Units.

The trend of the daily closing prices and trading volumes of the Units for the period commencing 12 months prior to and ending on the announcement of the Rights Issue (the “**Announcement**”) is set out in the chart below:



Source: Bloomberg L.P.

The trading statistics of the Units during the 12-month period prior to the date of the Announcement are set out below:

	Lowest closing price (\$)	Highest closing price (\$)	Volume-weighted average price ("VWAP") (\$)	Discount of Issue Price to VWAP (%)
Periods prior to Announcement				
Last 12 months	0.395	1.020	0.665	69.9
Last 6 months	0.395	0.730	0.478	58.2
Last 3 months	0.395	0.475	0.431	53.6
Last one month	0.400	0.425	0.419	52.3
Last Market Day prior to the Announcement ⁽¹⁾	0.405	0.405	0.408	51.0

Source: Bloomberg L.P.

Notes:

- (1) This refers to 24 December 2020, being the last Market Day on which the Units were traded prior to the Announcement which was released on SGXNet on 28 December 2020.

We note the following:

- (i) during the 12-month period prior to the Announcement, the closing prices of the Units ranged between a low of S\$0.395 and a high of S\$1.020. The Issue Price represents a discount of 49.4% over the lowest closing price of the Units of S\$0.395 and a discount of 80.4% over the highest closing price of the Units of S\$1.020, over the 12-month period prior to the Announcement;
- (ii) the Issue Price represents a discount of 69.9%, 58.2%, 53.6% and 52.3% to the VWAP of the Units for the 12-, 6-, 3- and one-month periods prior to the Announcement respectively;
- (iii) the Units were trading between S\$0.98 to S\$1.02 per Unit from 29 December 2019 up until 28 February 2020. As the Covid-19 pandemic evolved into a global crisis in the coming months, the price of the Units fell to a low of S\$0.505 per Unit on 19 March 2020, before experiencing a gradual recovery, up to a high of S\$0.885 per Unit on 29 May 2020. On 1 June 2020, after LPKR unilaterally announced its intention to restructure all of the LPKR MLAs, the Unit price fell by 21.5% to S\$0.695 per Unit. Since then and up to 24 December 2020, being the last Market Day on which the Units were traded prior to the Announcement, the price of the Units has trended downwards by an additional 41.7% from S\$0.695 on 1 June 2020 to S\$0.405 as at the last Market Day; and
- (iv) the Issue Price represents a discount of 50.6% to the VWAP of the Units of S\$0.405 on 24 December 2020, being the last Market Day prior to the Announcement.

7.4 Market statistics of selected rights issues

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares or units without free detachable warrants (excluding rights issue of warrants) by companies, REITs and business trusts listed on the SGX-ST (the "**Comparable Rights Issues**") announced and completed during the 24-month period prior to the Latest Practicable Date. The table below summarises the salient statistics of the Comparable Rights Issues:

Issuer	Date of Announcement	Terms of the rights issue	Issue price of the rights shares/units (S\$)	Theoretical ex-rights price ⁽¹⁾ (S\$)	Premium/ (Discount) to theoretical ex-rights price (%)
Sapphire Corporation Limited	30 Dec 2018	1 for 4	0.1280	0.1408	(9.09)
Global Dragon Limited	31 Dec 2018	1 for 3	0.0675	0.0619	9.05
Raffles United Holdings Ltd.	9 Jan 2019	1 for 1	0.0500	0.0660	(24.24)
MSM International Limited	31 Mar 2019	1 for 4	0.0700	0.0940	(25.53)
Asiamedic Limited	15 May 2019	4 for 1	0.0120	0.0120	-
Alpha Energy Holdings Limited	26 Jun 2019	2 for 1	0.0140	0.0273	(48.72)
Chip Eng Seng Corporation Ltd.	22 Aug 2019	1 for 4	0.6300	0.6700	(5.97)
The Trendlines Group Ltd	26 Sep 2019	1 for 9	0.1050	0.0897	17.06
Ascendas REIT	1 Nov 2019	16 for 100	2.6300	3.0955	(15.04)
Synagie Corporation Ltd. (now known as V2Y Corporation Limited)	8 Nov 2019	3 for 20	0.1000	0.1339	(25.32)
Japfa Ltd.	18 Dec 2019	1 for 10	0.5000	0.5682	(12.00)
AGV Group Limited	21 Feb 2020	5 for 1	0.0250	0.0253	(1.19)
Singapore Airlines Limited	26 Mar 2020	3 for 2	3.0000	4.4000	(31.82)
Asian Pay Television Trust	28 Apr 2020	1 for 4	0.1280	0.1320	(3.03)
Sembcorp Marine Ltd	8 Jun 2020	5 for 1	0.2000	0.3083	(35.13)
Leader Environmental Technologies Limited	12 Jun 2020	4 for 5	0.0150	0.0372	(59.68)
IREIT Global	18 Sep 2020	454 for 1000	0.4900	0.6551	(25.20)

Highest discount	(59.68)
Mean	(17.40)
Median	(15.04)
Highest Premium	17.06

First REIT	28 Dec 2020	98 for 100	0.200	S\$0.3035	(34.10)

Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and SAC Capital's computations

Note:

(1) Computed based on the respective last transacted price prior to the release of the announcement of the rights issue.

We note that the discount of the Issue Price to the TERP of the Units of 34.10% is:

- (i) within the range of corresponding premia/ discounts for the Comparable Rights Issues of between a premium of 17.06% and a discount of 59.68%; and
- (ii) a higher discount than the corresponding mean and median discounts for the Comparable Rights Issues of 17.40% and 15.04% respectively.

Unitholders should note that the terms of the Comparable Rights Issues which have been extracted from publicly available information are unique and that these companies, REITs and business trusts may not be identical to First REIT in terms of, *inter alia*, business activities, size

of operations, market capitalisations, asset bases, risk profiles, track records, future prospects and other relevant criteria. As such, any inference that can be drawn from the comparison between the terms of the Rights Issue and the Comparable Rights Issues is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

7.5 Other Relevant Considerations

We have also considered the following in our evaluation on the Proposed Whitewash Resolution:

7.5.1 To avoid an imminent default on existing debt

As mentioned in section 6.1(c) of this letter, S\$196.6 million of the S\$400 million 2018 Secured Loan Facilities will be due for repayment on 1 March 2021. According to the announcement of First REIT dated 24 December 2020 in relation to the Refinancing Facility (as defined below), the Trustee has entered into a facility agreement with Oversea-Chinese Banking Corporation Limited and CIMB Bank Berhad, Singapore Branch on 24 December 2020 to refinance the 2018 Secured Loan Facilities with a term loan facility of up to S\$260 million (the “**Refinancing Facility**”) in order to meet the S\$196.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities. However, the maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders’ concerns over the uncertainty relating to the valuations and cash flows of First REIT’s assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million. The Manager intends to finance the S\$140 million from the Rights Issue.

While the Refinancing Facility is not conditional upon the Proposed LPKR MLA Restructuring, the viability of the Rights Issue is similarly dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT’s assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT’s valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT.

Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Rights Issue, complete the refinancing exercise and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021. Furthermore, the 2019 Secured Loan is also coming due on 16 May 2022 and First REIT will need to have established certainty over its asset value and cash flows in order to facilitate the discussions to refinance the 2019 Secured Loan.

7.5.2 Support from CDPL and its concert parties

To show their support for the Rights Issue, FRML and OUE LH have irrevocably undertaken to the Manager to, among others, subscribe and pay in full for (and in respect of OUE LH, to procure OHI to subscribe and pay in full for) its total provisional allotment of the Rights Units.

In addition, OUE has provided an irrevocable undertaking to:

- (i) (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUE LH Irrevocable Undertaking); or
- (ii) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights

Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Irrevocable Undertaking and the OUELH Irrevocable Undertaking).

We believe that the irrevocable undertakings from FRML, OUELH and OUE underscores their support for the Rights Issue and demonstrate the long-term commitment of OUE to First REIT. It will also further align the interests of OUE with Unitholders.

7.5.3 Alternative fund-raising options

We understand from the Manager that it has tried but has not been able to find a financial institution which will commit to underwriting the Rights Issue at this stage. Having explored various alternatives, the Manager may still arrange for the Rights Issue to be underwritten prior to the launch of Rights Issue. As the Rights Issue is required to repay the S\$140 million difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million contemplated under the Refinancing Facility, we understand that the only viable option currently available to First REIT which provides certainty of a successful Rights Issue is to have CDPL provide full support for the Rights Issue in terms of taking up Units which are not subscribed for under the Rights Issue.

7.5.4 Implications of approval of the Proposed Whitewash Resolution

Independent Unitholders should note that:

- (i) by voting for the Proposed Whitewash Resolution, they will be waiving their rights to receive a general offer from CDPL at the highest price paid by the CDPL and its concert parties for Units in the past six (6) months preceding the commencement of the Rights Issue which they would have otherwise been obliged to make for the Units pursuant to Rule 14 of the Takeover Code; and
- (ii) by voting for the Proposed Whitewash Resolution, they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Rights Issue.

7.5.5 Potential dilution effect on the Independent Unitholders arising from the Rights Issue

The Rights Issue will not result in any unitholding dilution of the Independent Unitholders in First REIT if all Independent Unitholders subscribe for their full entitlements of Rights Units under the Rights Issue. A dilution impact will only occur for the Independent Unitholders who do not subscribe for their full entitlements of Rights Units under the Rights Issue.

As at the Latest Practicable Date, CDPL and its concert parties are interested in an aggregate of 159,273,785 Units, representing approximately 19.73% of the voting rights in First REIT.

Based on the assumption that the total number of Allotted Rights Units and the Excess Rights Units allotted to CDPL and its concert parties is equivalent to 100% of the total number of Rights Units, being 791,063,000 Units, the potential changes in the unitholding structure of the Company are as follows:

	Before the Rights Issue		Immediately after the issue and allotment of the Allotted Rights Units and the entirety of the Excess Rights Units to CDPL and its concert parties under the Rights Issue ⁽¹⁾	
	No. of Units	%	No. of Units	%
Units held by CDPL and its concert parties	159,273,785	19.73	950,336,785	59.46
Units held by Unitholders other than CDPL and its concert parties	647,932,566	80.27	647,932,566	40.54
Total	807,206,351	100.0	1,598,269,351	100.0

Note:

- (1) Assuming that the total number of the Allotted Rights Units and the Excess Rights Units allotted to CDPL and its concert parties is equivalent to 100% of the total number of the Rights Units, being 791,063,000 Units.

Pursuant to the Rights Issue, the unitholding interests of CDPL and its concert parties may potentially increase from approximately 19.73% to approximately 59.46% of the voting rights in First REIT. Correspondingly, the aggregate unitholding interests of the Independent Unitholders could potentially be diluted from 80.27% to approximately 40.54% following the completion of the Rights Issue.

7.5.6 Pro forma financial effects of the Rights Issue

Please refer to section 6.3 of this letter for our observations on the *pro forma* financial effects of the Rights Issue.

7.5.7 Conditionality of the proposed Resolutions

Unitholders should note that while Resolution 1 and Resolution 2 are not inter-conditional upon each other, the Manager will not launch the Rights Issue unless Resolution 1 is passed. In the event that Resolution 2 is not passed, the Manager will not launch the Rights Issue unless it is able to arrange for the Rights Issue to be underwritten. It should be noted that the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking are conditional upon the passing of Resolution 1 and Resolution 2.

8. OUR OPINION

Proposed LPKR MLA Restructuring

In arriving at our opinion in respect of the Proposed LPKR MLA Restructuring as an interested person transaction, we have considered, inter alia, following factors summarised below which we considered to be pertinent in our assessment:

- (i) the rationale for the Proposed LPKR MLA Restructuring, as set out in section 6.1 of this letter;
- (ii) our assessment of the Proposed LPKR MLA Restructuring, as set out in section 6.2 of this letter;
- (iii) the *pro forma* financial effects of the Proposed LPKR MLA Restructuring, as set out in section 6.3 of this letter; and
- (iv) other relevant considerations as follows:

- (a) the potential default by LPKR in respect of the LPKR MLAs as set out in section 6.4.1 of this letter;
- (b) lack of suitable alternative proposals as set out in section 6.4.2 of this letter;
- (c) challenging environment for the hospital sector in Indonesia as set out in section 6.4.3 of this letter; and
- (d) the improvements in portfolio WALE as set out in section 6.4.4 of this letter.

Despite the material decrease in the *pro forma* DPU and NAV per Unit, we noted the Proposed LPKR MLA Restructuring has the benefit of: (i) avoiding the adverse consequence of a default by LPKR under the Existing LPKR MLAs and the resulting termination of the existing LPKR MLAs; (ii) providing clarity of asset valuations and cash flows, such that First REIT can operate on an ongoing basis as well as to grow and move forward; (iii) facilitating debt financing and refinancing, in particular with regard to the refinancing of S\$196.6 million which will be due on 1 March 2021; and (iv) preserving the current ecosystem of having LPKR and Siloam as the operators of the LPKR Hospitals under a revised master lease structure which is sustainable and stable. We further note that: (v) the Manager has explored other alternative options, which appeared to be less suitable compared to the Proposed LPKR MLA Restructuring; and (vi) the hospital sector in Indonesia is expected to remain challenging in 2021 as a result of the Covid-19 pandemic.

In addition, we wish to highlight that: (i) Rent / EBITDAR ratio for the restructured LPKR MLAs is in line with that of the Comparable Hospital Portfolios; (ii) the Independent Valuers are of the opinion that the proposed base rental rates for LPKR Hospitals are broadly in line with market rents; (iii) it is common for REITs or stapled securities listed on the SGX-ST to receive rental income primarily in the domicile currency of the country where the properties are situated; and (iv) the annual base rent escalation rate of 4.5% is higher than the forecasts for Indonesia inflation rate.

Having carefully considered the information above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that, on balance, the Proposed LPKR MLA Restructuring as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders. Accordingly, we advise the Independent Directors, the ARC, and the IC to recommend independent Unitholders to vote in favour of the Proposed LPKR MLA Restructuring.

Proposed Whitewash Resolution

In arriving at our opinion in respect of the terms of the Rights Issue and the Proposed Whitewash Resolution, we have considered, *inter alia*, the following factors summarised below which we considered to be pertinent in our assessment:

- (i) the rationale for the Proposed Whitewash Resolution and the use of proceeds, as set out in section 7.1 of this letter;
- (ii) the Rights Units being offered to Eligible Unitholders on a renounceable and pro-rata basis, as set out in section 7.2 of this letter;
- (iii) our assessment of the Issue Price against historical Unit price performance, as set out in section 7.3 of this letter;
- (iv) our assessment of the market statistics of selected rights issues, as set out in section 7.4 of this letter; and
- (v) other relevant considerations as follows:
 - (a) to avoid an imminent default on existing debt as set out in section 7.5.1 of this letter;

- (b) the support from CDPL and its concert parties as set out in section 7.5.2 of this letter;
- (c) the alternative fund-raising options as set out in section 7.5.3 of this letter.
- (d) the implications of approval of the Proposed Whitewash Resolution as set out in section 7.5.4 of this letter;
- (e) the potential dilution effect on the Independent Unitholders arising from the Rights Issue as set out in section 7.5.5 of this letter;
- (f) the *pro forma* financial effects of the Rights Issue as set out in section 6.3 and 7.4.6 of this letter; and
- (g) the conditionality of the proposed Resolutions as set out in section 7.4.7 of this letter.

Having carefully considered the information above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that: (i) the terms of the Rights Issue, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable, and (ii) the Proposed Whitewash Resolution is fair and reasonable. Accordingly, we advise the Independent Directors, the ARC, and the IC to recommend Independent Unitholders to vote in favour of the Proposed Whitewash Resolution.

Our opinion as disclosed in this letter is based on the market, economic, industry, monetary and other applicable conditions prevailing on, and the information made available to us as at the Latest Practicable Date.

This letter has been prepared pursuant to Rule 921(4)(a) of the Listing Manual for inclusion in the Circular as well as for the use of the Independent Directors, the ARC, the IC, and the Trustee, in connection with and for the purposes of their consideration of the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution. The recommendation to be made by the Independent Directors, the ARC or the IC to the independent Unitholders shall remain their responsibility.

Whilst a copy of this letter may be reproduced in the Circular, neither the Manager, the Trustee nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purposes at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the Proposed LPKR MLA Restructuring and/or the Proposed Whitewash Resolution.

Our opinion is governed by, and construed in accordance with, the laws of Singapore. Our opinion is strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Bernard Lim Aik Kwang
Executive Director

Foo Siang Sheng
Senior Manager

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VALUATION CERTIFICATES



Valuation of:

11 Properties Located Within Indonesia

Prepared for

Perpetual (Asia) Limited (as Trustee of First
Real Estate Investment Trust)

First REIT Management Limited (in its
capacity as Manager of First Real Estate
Investment Trust)

Report Date

30 November 2020

Ref: CC/EH/20-0135/ac

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30 November 2020

Perpetual (Asia) Limited
(as trustee of First Real Estate Investment Trust) ("Trustee" or "Client")
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981

Attention: Ms Sin Li Choo

First REIT Management Limited
(in its capacity as Manager of First Real Estate Investment Trust) ("Manager")
333 Orchard Road #33-02
Singapore 238867

Attention: Mr Jacky Chan

Dear Sirs,

RE: VALUATION OF 11 PROPERTIES IN INDONESIA ("VALUATION ASSIGNMENT")

1. Instructions

Pursuant to your instructions, we are pleased to submit our valuation report, which has been prepared for corporate action purposes and inclusion in circular to be issued by the Manager. Terms of engagement have been agreed with Perpetual (Asia) Limited as Trustee of First Real Estate Investment Trust ("First REIT") to provide a market value of the Property as at the valuation date in accordance to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS) and for bank financing and mortgage purposes.

Cushman & Wakefield VHS Pte Ltd have no pecuniary or other conflict of interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property.

We confirm the valuation of 11 properties ("Property") across Indonesia are as follows:

- Siloam Hospitals Lippo Village
- Siloam Hospitals Surabaya
- Siloam Hospitals Kebon Jeruk
- Mochtar Riady Comprehensive Cancer Centre
- Siloam Hospitals Makassar
- Manado Property (Siloam Hospitals Manado & Hotel Aryaduta Manado)
- Siloam Hospitals TB Simatupang

- Siloam Hospitals Bali
- Siloam Hospitals Labuan Bajo
- Siloam Hospitals Buton
- Siloam Hospitals Yogyakarta

2. Valuer Competency

The valuation is led by Chris Carver, Head of Valuations South East Asia, who has over 18 years' experience in valuations, consulting and capital markets across Asia Pacific. Additionally, the team comprise Firman Sagaf, Senior Partner of KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

3. Valuation Purposes

The purpose of this valuation is to be used for as part of the evaluation of corporate actions and to be included in the circular to be issued by the Manager in due course.

4. Valuation Date

The Valuation Date is at 2 November 2020.

5. Bases of Valuation

The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.

Bases

The Property has been valued on the basis of Market Value as at the Valuation Date.

Definitions

The term 'Market Value' as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

'Market Value' is consistent with Fair Value as defined in current Financial Reporting Standard FRS 113 prescribed by the Accounting Standards Council Singapore.

6. Assumptions, Departures and Reservations

Assumptions

We have valued the Property taking into consideration the agreed Term Sheet as at 2 November 2020, the signed Memorandum of Understanding ("MOU") dated 28 November 2020 and the present occupational arrangements, based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property. The ownership and/or leasehold right of the Properties can be transferred or sub-lease to third parties.

Where Market Value is assessed, it reflects the full contract value and no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also assumed that all the leases are legally valid and enforceable and the Property has a proper legal title that can be freely transferable, leased and sub-leased in the market. Cushman & Wakefield has no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to the valuation.

Our valuation assumes that the premises and any works thereto comply with all relevant statutory and planning regulations.

Reservations

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan who worked on the valuation in respect to the Property, market conditions and available data.

No on-site measurement has been taken. Dimensions, measurements and areas included in the report are based on information obtained/ provided and are only approximations. Currency units are in Singapore Dollars.

We have not carried out any structural survey and we are therefore unable to report whether the Property is or is not free from rot, infestation or any other defects. No tests have been carried out on any of the building services. We have also not obtained any Environmental Baseline Study as it is outside our terms of engagement.

Our valuation is made without any special instructions.

7. Inspection

External and internal inspection of the Property has been made by KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan on 12-16 September 2020 and 16-17 October 2020. Investigation was carried out as necessary. Although not all areas were accessible for viewing at the time of inspection, we have made endeavours to inspect all areas available for viewing.

We confirm that our investigation has been conducted independently and without influence from any third party in any manner.

We have not tested any services of the Property and are therefore unable to report on their present conditions. However, we noted that public utility and telecommunications services were connected.

We have not undertaken any structural survey of the Property and are therefore unable to comment on the structural conditions.

No investigation has been carried out to determine the suitability of ground conditions for any future development. We have assumed that these aspects are satisfactory and no extraordinary expense or delay will be incurred during the construction period.

No on-site measurement has been taken to verify the correctness of site area in respect of the Property. We have assumed that the site area shown on the documents are correct.

8. Sources of Information

We have relied to a considerable extent on the information provided by the Manager, in particular but not limited to, the identification of the Property, the particulars of occupancy, the tenancy details, the floor plan and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Manager. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

9. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a buyer, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

10. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

11. Disclosure and Publication

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the property owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties.

Signed for and on behalf of Cushman & Wakefield VHS Pte Ltd



Chris Carver
MRICS
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Executive Director
Head of Valuations and Consulting
Singapore & South East Asia
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12. Description of Subject Properties

12.1 Siloam Hospitals Lippo Village (“SHLV”)	
Property Description:	Siloam Hospitals Lippo Village comprises of a 10-storey purpose-built hospital with 1-level basement.
Address:	Jalan Siloam No. 6, Village of Bencongan Indah, District of Kelapa Dua, Regency of Tangerang, Province of Banten, Indonesia.
Land Area:	17,442 square meters.
Gross Floor Area (GFA):	32,696 square meters.
Registered Proprietor:	PT Sentra Dinamika Perkasa.
Land Titles:	A total of 7 Rights to Build with Expiry Dates from 24 September 2022 to 25 December 2039. Rights to Build (SHGB) No.: 01260/ Bencongan Indah Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 2 June 1997 Expiry Date : 26 July 2032 Measurement Letter No. : 31/Bencongan Indah/2012 Measurement Date : 11 May 2012 Land Area : 731 square meters Rights to Build (SHGB) No.: 01261/ Bencongan Indah Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 27 July 1992 Expiry Date : 26 July 2032 Measurement Letter No. : 32/Bencongan Indah/2012 Measurement Date : 11 May 2012 Land Area : 2,335 square meters Rights to Build (SHGB) No.: 3867/ Bencongan Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 26 December 2011 Expiry Date : 25 December 2039 Measurement Letter No : 16199 Measurement Date : 17 Dec 1991 Land Area : 1,550 square meters Rights to Build (SHGB) No.: 6938/ Bencongan Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 26 October 1995

12.1 Siloam Hospitals Lippo Village (“SHLV”)	
	Expiry Date : 26 October 2035 Measurement Letter No. : 11331 Measurement Date : 19 July 1995 Land Area : 500 square meters 5. Rights to Build (SHGB) No.: 9687/ Bencongan Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 2 June 1997 Expiry Date : 25 December 2031 Measurement Letter No. : 16729 Measurement Date : 26 May 1997 Land Area : 6,877 square meters 6. Rights to Build (SHGB) No.: 10186/ Bencongan Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 8 September 1997 Expiry Date : 24 September 2022 Measurement Letter No. : 26280 Measurement Date : 2 September 1997 Land Area : 2,135 square meters 7. Rights to Build (SHGB) No.: 10187/ Bencongan Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 8 September 1997 Expiry Date : 24 September 2022 Measurement Letter No. : 26281 Measurement Date : 2 September 1997 Land Area : 3,314 square meters
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Sentra Dinamika Perkasa. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$12,952,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

12.1 Siloam Hospitals Lippo Village (“SHLV”)

Escalation	:	Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).
First Lease Year and subsequent Lease Year	:	The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.
Rent Computation	:	Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021.

12.1 Siloam Hospitals Lippo Village (“SHLV”)	
	Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no. 645.3/679 -DTRB/2004 with a date of issue 14 May 2004 and receipt no.00163/640/DPMPSTP/2017 with a date of issue 29 March 1994.
Town Planning:	Land Use Zoning : Public & Social Service Zone. Building Site Coverage : 30%
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	14 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.0%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 1,744,764,000,000/- (Indonesian Rupiahs One Trillion Seven Hundred Forty Four Billion Seven Hundred And Sixty Four Million Only).
	Reflecting SGD 162,580,000, Singapore Dollars One Hundred Sixty Two Million Five Hundred And Eighty Thousands Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by Monetary Authority of Singapore, “MAS”) as at the date of valuation.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

12.2 Siloam Hospitals Surabaya (“SHS”)	
Property Description:	Siloam Hospitals Surabaya comprises of 5 integrated purposed-built hospital buildings ranging from 2 to 5-storey.
Address:	Jalan Raya Gubeng No.70, Sub-District of Gubeng, City of Surabaya, Province of Jawa Timur, Indonesia.
Land Area:	4,306 square meters.
Gross Floor Area (GFA):	9,065 square meters.
Registered Proprietor:	PT Tata Prima Indah.

12.2 Siloam Hospitals Surabaya (“SHS”)

Land Titles:	A total of 5 Rights to Build with Expiry Dates of 26 November 2021 to 8 May 2034. Rights to Build (SHGB) No.: 343/Gubeng Registered Owner : PT Tata Prima Indah Issuance Date : 29 June 1994 Expiry Date : 8 May 2034 Measurement Letter No. : 11,165/1993 Measurement Date : 10 July 1993 Land Area : 1,891 square meters Rights to Build (SHGB) No.: 340/Gubeng Registered Owner : PT Tata Prima Indah Issuance Date : 10 June 1994 Expiry Date : 8 May 2034 Measurement Letter No. : 11,170/1993 Measurement Date : 10 July 1993 Land Area : 641 square meters Rights to Build (SHGB) No.: 408/Gubeng Registered Owner : PT Tata Prima Indah Issuance Date : 13 March 1997 Expiry Date : 24 September 2026 Measurement Letter No : 70/1997 Measurement Date : 12 March 1997 Land Area : 635 square meters Rights to Build (SHGB) No.: 476/Gubeng Registered Owner : PT Tata Prima Indah Issuance Date : 13 February 2002 Expiry Date : 26 November 2021 Measurement Letter No. : 13/T/1972 Measurement Date : 20 March 1972 Land Area : 455 square meters Rights to Build (SHGB) No.: 494/Gubeng Registered Owner : PT Tata Prima Indah Issuance Date : 16 February 2004 Expiry Date : 7 September 2023 Measurement Letter No. : 169/Gubeng/2003 Measurement Date : 29 December 2003 Land Area : 684 square meters

12.2 Siloam Hospitals Surabaya (“SHS”)	
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Tata Prima Indah. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$2,780,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or - the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or - the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

12.2 Siloam Hospitals Surabaya (“SHS”)	
	For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: 6901/1303-699, 188.45/801.92/402.5.09/1994 and 188/1926-92/402.5.09/1999. Date of issue: 28 June 1977, 29 March 1994 and 18 December 1999 respectively.
Town Planning:	Land Use Zoning : Public Facility. Building Site Coverage : Maximum 60% Plot Ratio (KLB) : 7.2 Height Limitation : 12-storey
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	16 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 428,360,000,000/- (Indonesian Rupiahs Four Hundred Twenty Eight Billion Three Hundred And Sixty Million Only). Reflecting SGD 39,910,000, Singapore Dollars Thirty Nine Million Nine Hundred And Ten Thousands Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)	
Property Description:	Siloam Hospitals Kebon Jeruk comprises a 3-storey and 6-storey purposed-built hospital with 1 basement level.
Address:	Jalan Raya Perjuangan Kav.8, Sub-District of Kebon Jeruk, District of Kebon Jeruk, City of Jakarta Barat, Province of DKI Jakarta, Indonesia.
Land Area:	11,420 square meters.
Gross Floor Area (GFA):	20,268 square meters.
Registered Proprietor:	PT Graha Indah Pratama.
Land Titles:	1. Right to Build Certificate No. 1313/Kebon Jeruk. Proprietor Name : PT Graha Indah Pratama. Issuance Date : 11 August 1997. Expiry Date : 10 August 2037. Measurement Letter No. : 6358/1997. Measurement Letter Date : 07 August 1997. Land Area : 11,420 square meters.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Graha Indah Pratama. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$4,821,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)	
	For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent $X(1 + S)$ = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent $X(1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent $X(1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: 15552/IMB/1994, 7948/IMB/1990 and 5451/IMB/1991. Date of issue: 5 January 1984, 25 September 1990 and 21 June 1991 respectively.
Town Planning:	Land Use Zoning : Public facility. Building Site Coverage : Maximum 55% Plot Ratio (KDB) : 6 Height Limitation : 40-storey

12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)	
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	15 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.0%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 785,110,000,000/- (Indonesian Rupiahs Seven Hundred Eighty Five Billion One Hundred And Ten Million Only). Reflecting SGD 73,160,000, Singapore Dollars Seventy Three Million One Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)	
Property Description:	The subject property is Mochtar Riady Comprehensive Cancer Centre (“MRCCC”) that comprises of a 29-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.
Address:	Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta – Indonesia.
Land Area:	4,145 square meters.
Gross Floor Area (GFA):	37,933 square meters.
Registered Proprietor:	PT. Primatama Cemerlang

12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)	
Land Titles:	1. Hak Guna Bangunan (Right to Build) No.277/Karet Semanggi • Registered Proprietor : PT. Primatama Cemerlang • Issuance Date : 22 August 1997 • Expiry Date : 26 August 2035 • Measurement Deed : 3717/1997 • Date of Situation Drawing : 14 August 1997 • Land Area : 4,145 square meters
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Primatama Cemerlang. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$9,967,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation

12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)	
	amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent $X (1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent $X (1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	Hospital and facilities, based on Permit (Izin Mendirikan Bangunan) No.5204/IMB/2009 dated 2 June 2009.
Town Planning:	Zoning of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta): Land Use Zoning : Public and social service zone Building Site Coverage (KDB) : 30% Building Plot Ratio (KLB) : 5.5
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	14 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.0%

12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)	
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 1,349,570,000,000/- (Indonesian Rupiahs One Trillion Three Hundred Forty Nine Billion Five Hundred And Seventy Million Only).
	Reflecting SGD 125,750,000, Singapore Dollars One Hundred Twenty Five Million Seven Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.5 Siloam Hospitals Makassar (“SHMK”)	
Property Description:	A 8-storeys hospital building with roof floor & 1 basement.
Address:	Jalan Metro Tanjung Bunga Kav 3-5, Sub district of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia.
Land Area:	3,963 square meters.
Gross Floor Area (GFA):	14,307 square meters.
Registered Proprietor:	PT Bayutama Sukses.
Land Titles:	1. Hak Guna Bangunan (Right to Build) No.20007/Penambungan. - Registered Proprietor : PT Bayutama Sukses. - Issuance Date : 21 March 2012. - Expiry Date : 22 December 2031. - Measurement Letter No. : 00489/2012. - Measurement Letter Date : 16 March 2012. Land Area : 3,963 square meters.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Bayutama Sukses. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.

12.5 Siloam Hospitals Makassar (“SHMK”)	
	Commencement Base Rent : S\$ 5,251,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or

12.5 Siloam Hospitals Makassar (“SHMK”)	
	ii. the preceding year's Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	Hospital and facilities, based on License to Build No. 503/8525/IMB-B/01/DPM-PTSP and No. 503/0436/IMB/09/KPAP.
Town Planning:	Based on Peraturan Daerah No. 4 Tahun 2015 Kota Makassar: Land Use Zoning : Mixed Use Building Site Coverage (KDB) : 40% - 60%
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	12 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 702,389,000,000/- (Indonesian Rupiahs Seven Hundred And Two Billion Three Hundred And Eighty Nine Million Only). Reflecting SGD 65,450,000, Singapore Dollars Sixty Five Million Four Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
Property Description:	An 11-storey mixed use development of 4-levels hospital with 238 beds and 9-levels of 5-star hotel with 200 guest rooms.
Address:	Jalan Sam Ratulangi No.22, Boulevard Center Complex, Wenang Utara, Manado, North Sulawesi, Indonesia.

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
Land Area:	5,518 square meters.
Gross Floor Area (GFA):	36,051 square meters.
Registered Proprietor:	PT. Menara Abadi Megah.
Land Titles:	- Right to Build Certificate No. 55/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1612/1992. Measurement Letter Date : 17 September 1992. Land Area : 964 square meters. - Right to Build Certificate No. 56/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1613/1992. Measurement Letter Date : 17 September 1992. Land Area : 1,272 square meters. - Right to Build Certificate No. 57/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1614/1992. Measurement Letter Date : 17 September 1992. Land Area : 795 square meters. - Right to Build Certificate No. 58/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1615/1992. Measurement Letter Date : 17 September 1992. Land Area : 1,049 square meters. - Right to Build Certificate No. 74/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 11 November 1992.

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
	Expiry Date : 18 May 2032. Measurement Letter No. : 1944/1992. Measurement Letter Date : 10 November 1992. Land Area : 793 square meters. 6. Right to Build Certificate No. 75/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 11 November 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1943/1992. Measurement Letter Date : 10 November 1992. Land Area : 645 square meters.
Building Permit:	Hospital, hotel and facilities, based on License to Build No. 202/0182/0030/IMB/BP2T/II/2012.
Town Planning:	Based on Local Government Regulation No.1, years 2014 regarding Planning Regulation / RTRW 2014-2034 of Manado City: Land Use Zoning : Office zone for commercial utilisation (Trade and Services) Building Site Coverage (KDB) : 40% - 60%
12.6.1 Siloam Hospital Manado (“SHMD”)	
Lettable Area:	11,476 square meters with a shared space of 1,145 sqm with HAMD.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Menara Abadi Megah. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$3,202,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)		
	subsequent Lease Year Rent Computation up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.	
Discount Rate:	11.70%	

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	Siloam Hospital Manado IDR 428,294,000,000/- (Indonesian Rupiahs Four Hundred Twenty Eight Billion Two Hundred And Ninety Four Million Only). Reflecting SGD 39,910,000, Singapore Dollars Thirty Nine Million Nine Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
12.6.2 Hotel Aryaduta Manado (“HAMD”)	
Lettable Area:	23,430 square meters with a shared space of 1,145 sqm with SHMD.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Menara Abadi Megah. Tenant : PT Lippo Karawaci Tbk. Building Type : Hotel.
	Commencement Base Rent : S\$3,307,000. Escalation : Increment of Commencement Base Rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the consumer price index if Singapore for the preceding calendar year, subject to a floor of 0% and cap of 2%.
	Variable Rent : No variable rent will be payable in the first year of the lease. Thereafter, the variable rent will be based on audited Gross Operating Revenue (GOR) Growth of Subject Property only. Variable rent is computed as follows: A x B Where : A = Variable Rent Factor • If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding financial year of the lessee by more than or equal to 5% but less than 15%, A is 0.75%. • If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
	financial year of the lessee by more than or equal to 15% but less than 30%, A is 1.25%. If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding financial year of the lessee by more than or equal to 30%, A is 2.00%. B = (“B”) is the surplus of GOR of the preceding financial year of the lessee over the GOR of the further preceding financial year of the lessee. The variable rent is payable quarterly in advance. For avoidance of doubt, when the GOR of the preceding financial year of the lessee does not exceed the GOR of the further preceding financial year of the lessee by more than 5%, no variable rent is payable. Commencement Date : 1 January 2021. Expiry Date : 29 Nov 2027.
Discount Rate:	9.50%
Terminal Yield:	9.75%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	Hotel Aryaduta Manado SGD 37,200,000/- (Singapore Dollars Thirty Seven Million And Two Hundred Thousand Only). Reflecting IDR 399,230,000,000, Indonesian Rupiahs Three Hundred Ninety Nine Billion Two Hundred And Thirty Million Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
Manado Property	
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	13 September 2020
Date of Valuation:	2 November 2020

12.6 Siloam Hospitals Manado & Hotel Aryaduta Manado (“Manado Property”)	
Aggregate Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 827,524,000,000/- (Indonesian Rupiahs Eight Hundred Twenty Seven Billion Five Hundred And Twenty Four Million Only). Reflecting SGD 77,110,000, Singapore Dollars Seventy Seven Million One Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.7 Siloam Hospitals TB Simatupang (“SHTS”)	
Property Description:	Private General Hospital and 16-storey hospital building with 2 (two) level basement, accommodates 269 beds.
Address:	Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta - Indonesia.
Land Area:	2,489 square meters.
Gross Floor Area (GFA):	18,605 square meters.
Registered Proprietor:	PT. Perisai Dunia Sejahtera.
Land Titles:	1. Hak Guna Bangunan (Right to Build) No.2577/Cilandak Barat. - Registered Proprietor : PT. Perisai Dunia Sejahtera. - Issuance Date : 28 March 2013. - Expiry Date : 28 September 2028. - Measurement Deed : 00073/Cilandak Barat/2013. - Date of Situation Drawing : 26 March 2013. - Land Area : 2,489 square meters
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Perisai Dunia Sejahtera. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.

12.7	Siloam Hospitals TB Simatupang (“SHTS”)
	Commencement Base Rent : S\$ 3,334,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or

12.7 Siloam Hospitals TB Simatupang (“SHTS”)	
	ii. the preceding year's Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	Hospital and facilities, based on 2 Licenses consists of: • License No.11723/IMB/2012 Dated 8 October 2012. • License No.15006/IMB/2012 Dated 12 December 2012
Town Planning:	Zoning of the Subject Property is as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta): Land Use Zoning : Public and social service zone. Building Site Coverage (KDB) : 30% Building Plot Ratio (KLB) : 3.5 Maximum Building Height : 24 Storeys
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	16 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 446,070,000,000/- (Indonesian Rupiahs Four Hundred Forty Six Billion And Seventy Million Only).
	Reflecting SGD 41,560,000, Singapore Dollars Forty One Million Five Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.8 Siloam Hospitals Bali (“SHBL”)	
Property Description:	Siloam Hospitals Bali comprises of a 4-storey hospital with one basement level with a maximum capacity of 281 inpatient beds (based on official letter sign by director SHBL No.223/SHDP-SK/DIR/XII/2017), integrated with shops for related use (known as Lippo Plaza Sunset).
Address:	Jalan Sunset Road No.818, Sub District of Kuta, District of Kuta, City of Badung, Province of Bali, Indonesia.
Land Area:	9,025 square meters.
Gross Floor Area (GFA):	20,958 square meters.
Registered Proprietor:	PT Dasa Graha Jaya.
Land Titles:	- Right to Build Certificate No. 911/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 458/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,805 square meters. - Right to Build Certificate No. 912/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 457/1998. Measurement Letter Date : 12 August 1998. Land Area : 950 square meters. - Right to Build Certificate No. 913/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 456/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,280 square meters. - Right to Build Certificate No. 914/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038.

12.8 Siloam Hospitals Bali (“SHBL”)	
	Measurement Letter No. : 448/1998. Measurement Letter Date : 12 August 1998. Land Area : 990 square meters. 5. Right to Build Certificate No. 915/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 449/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,200 square meters. 6. Right to Build Certificate No. 916/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 459/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,200 square meters. 7. Right to Build Certificate No. 917/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 450/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,600 square meters.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Dasa Graha Jaya. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$ 5,010,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).

12.8 Siloam Hospitals Bali (“SHBL”)	
First Lease Year and subsequent Lease Year Rent Computation	The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.

12.8 Siloam Hospitals Bali (“SHBL”)	
Building Permit:	License no. 114 year 2011 date of issue 8 February 2011
Town Planning:	Zoning of the Subject Property are as follow (based on Badung Regency Regulation No.26, year 2013 regarding Planning Regulation of Badung Regency): Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 60%
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	16 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 670,272,000,000/- (Indonesian Rupiahs Six Hundred Seventy Billion Two Hundred And Seventy Two Million Only).
	Reflecting SGD 62,460,000, Singapore Dollars Sixty Two Million Four Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.9 Siloam Hospitals Labuan Bajo (“SHLB”)	
Property Description:	Siloam Hospitals Labuan Bajo comprises of a 3-storey purpose built hospital with a maximum capacity of 153 beds.
Address:	Jalan Gabriel RT 013/RW 005, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur - Indonesia.
Land Area:	2,837 square meters.
Gross Floor Area (GFA):	7,604 square meters.
Registered Proprietor:	PT Prima Labuan Bajo.

12.9 Siloam Hospitals Labuan Bajo (“SHLB”)	
Land Titles:	1. Right to Build Certificate No. 00029 / Gorontalo. Proprietor Name : PT Prima Labuan Bajo. Issuance Date : 11 May 2016. Expiry Date : 11 May 2046. Measurement Letter No. : 401/Gorontalo/2016. Measurement Letter Date : 26 April 2016. Land Area : 2,837 square meters.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Prima Labuan Bajo. Tenant : PT Lippo Karawaci Tbk and PT Lintas Buana Jaya Building Type : Hospital.
	Commencement Base Rent : S\$ 884,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: iii. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or iv. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

12.9 Siloam Hospitals Labuan Bajo (“SHLB”)	
	For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: iii. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or iv. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: iii. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or iv. the preceding year's Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: BPMPT.503.604/IMB/014/VI/2015 Date of issue: 22 June 2015
Town Planning:	Land Use Zoning : Public Service Facilities. Building Site Coverage : 80%
Valuation Approach:	Discounted Cash Flow Analysis
Date Inspected:	17 October 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%

12.9 Siloam Hospitals Labuan Bajo (“SHLB”)	
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 118,918,000,000/- (Indonesian Rupiahs One Hundred Eighteen Billion Nine Hundred And Eighteen Million Only). Reflecting SGD 11,080,000, Singapore Dollars Eleven Million And Eighty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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12.10 Siloam Hospitals Buton	
Property Description:	Siloam Hospitals Buton (“SHBN”) comprises a 3-storey purpose built hospital with a maximum capacity of 160 beds.
Address:	Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulo, District of Wolio, City of Baubau, Province of Sulawesi Tenggara - Indonesia.
Land Area:	21,874 square meters. (Total lot size inclusive of Lippo Plaza Buton)
Gross Floor Area (GFA):	10,796 square meters. (Siloam Hospitals Buton only)
Registered Proprietor:	PT Buton Bangun Cipta.
Land Titles: (for Siloam Hospitals Buton & Lippo Plaza Buton)	- Right to Build Certificate No. 00033/Batulo. Proprietor Name : PT Buton Bangun Cipta. Issuance Date : 30 May 2017. Expiry Date : 8 March 2042. Measurement Letter No. : 00081/2017. Measurement Letter Date : 29 May 2017. Land Area : 4,180 square meters. - Right to Build Certificate No. 00034/Batulo. Proprietor Name : PT Buton Bangun Cipta. Issuance Date : 30 May 2017. Expiry Date : 8 March 2042. Measurement Letter No. : 00082/2017. Measurement Letter Date : 29 May 2017. Land Area : 17,694 square meters.

12.10 Siloam Hospitals Buton	
	Build Operate and Transfer (“BOT”) Agreement was made on 12 May 2011 between PT Andromeda Sakti as the BOT holder, and the Government of Regency of Buton as the land owner for the period of 16 June 2014 till 15 June 2044. (30 years after the BOT Extension) and its Addendum No. 032/3048 and No. 111/AGMT/KGKAS/ XI/2015 are dated 25 November 2015.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Buton Bangun Cipta. Tenant : PT Lippo Karawaci Tbk and PT Bina Bahtera Sejati. Building Type : Hospital.
	Commencement Base Rent : S\$ 1,074,000. On the commencement date of the master lease, the SGD denominated rents for the hospital be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or - the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

12.10 Siloam Hospitals Buton	
	For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: 648/659/III/02/2014 Date of issue: 16 December 2014
Town Planning:	Land Use Zoning : Residential zone. We also note that it was allowed to be built for non-residential purpose as long as the purpose of the building is to support residential activities/need.
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	16 October 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	Nil

12.10 Siloam Hospitals Buton	
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 132,012,000,000/- (Indonesian Rupiahs One Hundred Thirty Two Billion And Twelve Million Only).
	Reflecting SGD 12,300,000, Singapore Dollars Twelve Million And Three Hundred Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation. We noted there is another existing Master Lease Agreement for Lippo Plaza Buton and this value excludes the value of Lippo Plaza Buton.
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12.11 Siloam Hospitals Yogyakarta (“SHYG”)	
Property Description:	Siloam Hospitals Yogyakarta comprises of a 10-storey purpose built hospital located adjacent to Lippo Plaza Jogja. SHYG has a maximum capacity of 220 beds.
Address:	Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.
Land Area:	13,715 square meters. (Total lot size inclusive of Lippo Plaza Jogja)
Gross Floor Area (GFA):	12,474 square meters.
Registered Proprietor:	PT Yogya Central Terpadu.
Land Titles: (for Siloam Hospitals Yogyakarta and Lippo Plaza Jogja)	1. Right to Build Certificate No. 00131/Demangan. Proprietor Name : PT Yogya Central Terpadu. Issuance Date : 14 November 2005. Expiry Date : 27 December 2043. Measurement Letter No. : 00440/Demangan/2005. Measurement Letter Date : 14 November 2005. Land Area : 13,715 square meters.

12.11 Siloam Hospitals Yogyakarta (“SHYG”)

Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Yogya Central Terpadu. Tenant : PT Lippo Karawaci Tbk and PT Taruna Perkasa Megah. Building Type : Hospital.
	Commencement Base Rent : S\$ 1,580,000. On the commencement date of the master lease, the SGD denominated rents for the will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or

12.11 Siloam Hospitals Yogyakarta (“SHYG”)	
	ii. the Second Lease Year Base Rent $X (1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent $X (1 + S)$, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: 0079/GK/2014 Date of issue: 29 January 2014
Town Planning:	Land Use Zoning : Commercial use/trade and service.
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	14 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 213,549,000,000/- (Indonesian Rupiahs Two Hundred Thirteen Billion Five Hundred And Forty Nine Million Only).
	Reflecting SGD 19,900,000, Singapore Dollars Nineteen Million And Nine Hundred Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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13. Valuation Assumptions

Our valuation has been made on the assumptions that the seller disposes of the Property in an open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

No allowance has been made for any changes, mortgages or amounts owing on the Property or for any expense or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible. Our valuation is reflective of the current market as at the date of valuation. Should there be a material worsening in the COVID-19 situation within Indonesia, we reserve the right to review our valuation.

Factors such as the free cash flow, rent over earnings before interest, taxes, depreciation, amortisation and rental (“EBITDAR”) ratio of the Lippo Karawaci Hospitals was taken into consideration when determining the base rent. Given the absence of direct comparable evidence within the direct Indonesia market, the broader ASEAN and North America regions healthcare REITs lease structures such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been utilised as comparables. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold on the basis of their trading potential. We note that the calculation of the proposed contract rental has been assessed via a ratio of the Rental / EBITDAR, which is typical and reflective of the asset as a trade related property. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% which we believe to be broadly reasonable.

Due to scarcity and confidentiality of hospitals assets, hospital rentals are hardly accessible as lease terms are normally long term and rarely being transacted as compared to other commercial properties. Hospitals are more commonly found to be built-to-suit and owner

operated. Hence, there are limited transactions for direct comparison available publicly due to the scarcity of such premises in the property market.

As such, in order to understand the reasonableness of the base rent, we have made comparisons with other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality have been utilised as proxy property comparables as they are similar to hospitals in nature. While office properties are selected due to the similarities with the consultation and administrative nature of the hospitals.

Comparisons was also made with similar hospitality properties such as hotels and serviced residences within Indonesia for Hotel Aryaduta Manado.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

In addition, we observed that the annualised rental growth in retail and commercial properties ranges approximately 3% – 5%. Therefore, we are of the opinion that the fixed base rental growth rate of 4.5% per annum in the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, a scenario has been conducted at the request of the Manager with the assumption that with the same initial base rent denominated is in Singapore Dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 7% lower in aggregate, than the valuations undertaken for this exercise.

14. Valuation Methodology and Commentary

We have adopted the Discounted Cash Flow Analysis as the primary methods of valuation in arriving at our opinion of the market value of the Property. We have not adopted the Comparable Sales Method in view of limited sales evidences, there have been no sale/purchase transactions of similar comparable in the recent years.

Discounted Cash Flow Method

The Discounted Cash Flow Method (DCF) is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of the capital, operating, and other necessary expenses.

We have carried out a DCF method calculation with respect to the Net Present Value Method on the subject property. Briefly, this method entails comparison of all future receipts from an investment with all future outgoings and the application of an appropriate discounted rate to this flow of net income to determine the net present value (NPV) of this income stream.

Many assumptions are made throughout the investment horizon and these include rental growth, outgoings escalation, capital expenditure and discount rate.

The future values applied in respect of rents and costs are projections only, formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income, which is subject to changes over time.

15. Valuation Summary

Having regard to the foregoing and the present market conditions, we are of the opinion that the aggregate market value as at 2 November 2020 of the 11 properties; subject to the existing tenancies and assuming free from encumbrances, is in the region of:

a. Healthcare Properties

No	Description	Market Value (IDR, millions)	Market Value (SGD)
1	Siloam Hospitals Lippo Village	1,744,764	162,580,000
2	Siloam Hospitals Surabaya	428,360	39,910,000
3	Siloam Hospitals Kebon Jeruk	785,110	73,160,000
4	Mochtar Riady Comprehensive Cancer Centre	1,349,570	125,750,000
5	Siloam Hospitals Makassar	702,389	65,450,000
6a.	Siloam Hospitals Manado	428,294	39,910,000
7	Siloam Hospitals Tb Simatupang	446,070	41,560,000
8	Siloam Hospitals Bali	670,272	62,460,000
9	Siloam Hospitals Labuan Bajo	118,918	11,080,000
10	Siloam Hospitals Buton	132,012	12,300,000
11	Siloam Hospitals Yogyakarta	213,549	19,900,000
TOTAL		7,019,308	654,060,000

b. Manado Property

No	Description	Market Value (IDR, millions)	Market Value (SGD)
6a.	Siloam Hospitals Manado	428,294	39,910,000
6b.	Hotel Aryaduta Manado	399,230	37,200,000
TOTAL		827,524	77,110,000

Aggregate Market Value

No	Description	Market Value (IDR, millions)	Market Value (SGD)
a.	Healthcare Properties - Including Siloam Hospitals Manado	7,019,308	654,060,000
b.	Hotel Aryaduta Manado	399,230	37,200,000
GRAND TOTAL		7,418,538	691,260,000

IDR 7,418,538,000,000/-

(Indonesian Rupiah Seven Trillion Four Hundred Eighteen Billion Five Hundred And Thirty Eight Million Only)

Reflecting SGD 691,260,000, Singapore Dollars Six Hundred Ninety One Million Two Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.

A Instructions

This valuation report has been prepared in accordance with your appointment to proceed with the valuation via your acceptance of our proposal dated 10 September 2020 and prior email correspondences.

A copy of our Limiting Conditions is attached at Appendix 1.

Information supplied to us is listed in Appendix 2.

Appendix 1 Terms & Conditions

The valuation report is prepared subject to the following terms and conditions: -

1. The valuation report is:
 - a. restricted to the use by the client to whom this report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose or beyond a reasonable time.

2. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
3. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
4. The values assessed in this report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
5. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order.
6. Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).
7. Any plans that are included in this report are meant for identification purposes and to assist the client in visualising the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters.
8. We have not taken into account any plant and machinery in our valuation.

9. We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
10. As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition.
11. Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
12. Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
13. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies).
14. Subject at all times to the provisions in these terms and conditions *and in the letter of engagement*, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a. any direct loss of profit;
 - b. any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
15. Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
16. Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
17. Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you.
18. Subject to the provisions in these terms and conditions *and in the letter of engagement*, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) S\$500,000.00, whichever is lower.
19. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise,

or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S\$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
25. Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.
26. Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.
27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28.

- a. The U.S. Foreign Corrupt Practices Act (the “FCPA”) and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
- b. We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act (“Applicable Anti-Bribery Laws and Rules”).
- c. You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
- d. We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively “Applicable Sanctions/AML Rules”).
- e. You represent and warrant to us that you and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
- f. In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

Appendix 2 Information Supplied

We have been supplied with the following information: -

Information	Source
1. Copy of Title Search/Site Plan	Local Map Service Provider
2. Copy of floor plans, rent rolls, gross floor area, net lettable area and property information	Manager
3. Copy of hospital projected revenues	Manager
4. Master lease agreements	Manager

Report No: 532/W&R-Letter/XI/2020

First REIT Management Limited
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or the “**Client**”).
333 Orchard Road #33-02
Singapore 049321

Perpetual (Asia) Limited,
(as trustee of First Real Estate Investment Trust) (the “**Trustee**”)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981
Attention: Ms Sin Li Choo

Re : Valuation Summary of Eleven Properties in Indonesia.

The Instruction

Based on the Proposal Number 285/W&R-Proposal/IX/2020 dated 14 September 2020, First REIT Management Limited (the “Company”) has instructed KJPP Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation of Siloam Properties.

Valuer Competency

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan is a valuation service company which holds Izin Usaha Number 2.09.0049 dated 19 June 2009 from the Finance Minister’s decision of the Republic of Indonesia Number 610/KM.1/2009.

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company which is centered in London – England and has a network of 488 offices in 57 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.09.00205 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No.129/PM.223/2019.

Valuation Purposes

The Company required this valuation for the Master Lease Arrangement renewal purposes on the basis that the property are operated on the ongoing basis. This valuation report will be included in the circular to be issued by the Manager in due course.

The Valuation Cut-Off Date

The Cut-Off Date of this valuation is 2 November 2020.

Basis of Valuation

This valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) VII Edition - 2018, and the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

The basis of this valuation is Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Cut-Off Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Head office:
Chase Plaza 17th Floor, Jl. Jend. Sudirman Kav. 21, Jakarta 12920, Indonesia
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KnightFrank.co.id

KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.



Subject Properties

1. Siloam Hospital Lippo Village ("SHLV")

Building Description	: The subject property is Siloam Hospital Lippo Village ("SHLV") that comprises of a 10-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.
Address	: Jalan Siloam No. 6, Lippo Karawaci Township, in the Sub-District of Bencong, District of Curug, Regency of Tangerang, Province of Banten, Indonesia.
Land Area	: 17,442 square meters.
Gross Floor Area	: 32,696 square meters.
Registered Proprietor	: PT Sentra Dinamika Perkasa.
Land Titles	: 1. Hak Guna Bangunan (Right to Build) No.3867/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 26 December 2011.
- Expiry Date : 25 December 2039.
- Measurement Deed : 16199/1991.
- Date of Situation Drawing : 17 Dec 1991.
- Land Area : 1,550 square meters.

2. HGB (Right to Build) Title No. 01260/Bencong Indah.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 2 June 1997.
- Expiry Date : 26 July 2032.
- Measurement Deed : 31/Bencong Indah/2012.
- Date of Situation Drawing : 11 May 2012.
- Land Area : 731 square meters.

3. HGB (Right to Build) Title No. 01261/Bencong Indah.

- Registered Proprietor : PT Sentra Dinamika Perkasa
- Issuance Date : 27 July 1992.
- Expiry Date : 26 July 2032.
- Measurement Deed : 11 May 2012.
- Date of Situation Drawing : 32/Bencong Indah/2012.
- Land Area : 2,335 square meters.

4. HGB (Right to Build) Title No. 6938/Bencong

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 26 October 1995.
- Expiry Date : 26 October 2035.
- Measurement Deed : 11331/1995.
- Date of Situation Drawing : 19 July 1995.
- Land Area : 500 square meters.

5. HGB (Right to Build) Title No. 9687/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 2 June 1997.
- Expiry Date : 25 December 2031.
- Measurement Deed : 16729/1997.
- Date of Situation Drawing : 26 May 1997.
- Land Area : 6,877 square meters.

6. HGB (Right to Build) Title No. 10186/Bencongan.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 8 September 1997.
- Expiry Date : 24 September 2022.
- Measurement Deed : 26280/1997.
- Date of Situation Drawing : 2 September 1997.
- Land Area : 2,135 square meters.

7. HGB (Right to Build) Title No. 10187/Bencongan.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 8 September 1997.
- Expiry Date : 24 September 2022.
- Measurement Deed : 26281/1997.
- Date of Situation Drawing : 2 September 1997.
- Land Area : 3,314 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Sentra Dinamika Perkasa.
- Tenant : PT Lippo Karawaci Tbk.
- Property : Siloam Hospitals Lippo Karawaci (SHLV) located at Jalan Siloam No. 6, Lippo Karawaci 1600, Tangerang; together with the mechanical and electrical equipment (as listed in Schedule 1 of the Lease Agreement) located in the Property.
- Building Type : Hospital.
- Lettable Area : 32,696 square meters.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:

The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Twelve Million Nine Hundred Fifty Two Thousand (S\$12,952,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	: 1. Izin Mendirikan Bangunan (License to Build) No. 645.3/114-DPU/1994 dated 21 June 1994; to construct a 9-level hospital building with a total floor area of 26,503 square meters. 2. Izin Mendirikan Bangunan (License to Build) No. 645.3/461-DB/2000 dated 7 September 2000; to construct RMI room with a total floor area of 59 square meters. Building Permit No. 644.1/1103-BP2T/2010, dated 10 December 2010, issued by Bupati Kabupaten Tangerang.
Town Planning	: We also have managed to confirm to the Regional Town Planning Office and get the latest zoning regulation Peraturan Daerah Kota Kabupaten Tangerang Nomor 13 Tahun 2011 Tentang Rencana Tata Ruang Wilayah (RTRW) Kabupaten Tangerang Tahun 2011-2031 with the details stipulated in Appendix XIV Peta Rencana Pola Ruang Kabupaten Tangerang: Land Use Zoning : Public and social service zone. Building Site Coverage (KDB) : 30%
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 23 September 2020.
Date of Valuation	: 2 November 2020.
Terminal Capitalisation Rate	: 8.93%.
Discount Rate	: 12.02%.
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	: Rp1,747,885,000,000.- (Indonesian Rupiah One Trillion Seven Hundred Forty-Seven Billion Eight Hundred Eighty-Five Million Only). Reflecting Singapore Dollars S\$162,313,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

2. Siloam Hospital Surabaya ("SHS")

Building Description	: Siloam Hospital Surabaya that comprises of 5-storey building with a maximum capacity of 160 beds and is equipped with good quality modern healthcare facilities
Address	: Jalan Raya Gubeng No.70, Sub-District Of Gubeng, District Of Gubeng, City Of Surabaya, Province Of East Java, Indonesia..
Land Area	: 4,306 square meters.
Gross Floor Area	: 9,065 square meters.
Registered Proprietor	: PT Tata Prima Indah.
Land Titles	1.HGB (Right To Build) Title No. 343/Gubeng. - Registered Proprietor : PT Tata Prima Indah. - Land Area : 1,891 square meters. - Issuance Date : 29 June 1994. - Expiry Date : 8 May 2034. - Measurement Letter Number : 11.165/1993. - Measurement Letter Date : 10 July 1993. 2.HGB (Right To Build) Title No. 340/Gubeng. - Registered Proprietor : PT Tata Prima Indah. - Land Area : 641 square meters. - Issuance Date : 10 June 1994. - Expiry Date : 8 May 2034. - Measurement Letter Number : 11.170/1993. - Measurement Letter Date : 10 July 1993. 3.HGB (Right To Build) Title No. 408/Gubeng. - Registered Proprietor : PT Tata Prima Indah. - Land Area : 635 square meters. - Issuance Date : 13 March 1997. - Expiry Date : 24 September 2026. - Measurement Letter Number : 70/1997. - Measurement Letter Date : 12 March 1997. 4.HGB (Right To Build) Title No. 494/Gubeng. - Registered Proprietor : PT Tata Prima Indah. - Land Area : 684 square meters. - Issuance Date : 16 February 2004. - Expiry Date : 7 September 2023. - Measurement Letter Number : 169/Gubeng/2003. - Measurement Letter Date : 29 December 2003. 5.HGB (Right To Build) Title No. 476/Gubeng. - Registered Proprietor : PT Tata Prima Indah. - Land Area : 455 square meters. - Issuance Date : 13 February 2002. - Expiry Date : 26 November 2021. - Measurement Letter Number : 13/T/1972. - Measurement Letter Date : 20 March 1972.
Summary of Rental Terms	: The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis: • Landlord : PT Tata Prima Indah. • Tenant : PT Lippo Karawaci Tbk. • Property : Siloam Hospitals Surabaya located at Jalan Raya Gubeng No.70, Sub-District Of Gubeng, District Of Gubeng, City Of Surabaya, Province Of East Java, Indonesia; together with the mechanical and electrical

- Building Type : Hospital.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million Seven Hundred and Eighty Thousand (S\$2,780,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

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Building Permit	:	- Building Permit No. 6901/1303-699 date Issued 28 June 1977.
	:	- Building Permit No. 188.45/801.92/402.5.09/1994 date Issued 29 March 1994.
	:	- Building Permit No. 188/1926-92/402.5.09/1999 date Issued 18 December 1999.
Town Planning	:	Zonation of The Subject Property are as follow (based on Surabaya City Government Regulation No.8, years 2018 regarding Planning Regulation (RDTR) of Surabaya City :
	:	Land Zoning : Public and Social Service.
	:	Building Site Coverage (KDB) : 50%.
	:	Building Plot Ratio (KLB) : 3.5 – 6.
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	30 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	8.19%
Discount Rate	:	12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	Rp435,797,000,000.- (Indonesian Rupiah Four Hundred Thirty-Five Billion Seven Hundred Ninety-Seven Million Only).
	:	Reflecting Singapore Dollars S\$40,469,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

3. Siloam Hospital Kebon Jeruk ("SHKJ")

Building Description	:	The subject property is Siloam Hospital Kebon Jeruk ("SHKJ") that comprises of a 3-storey and 6-storey buildings with a maximum capacity 285 beds.
Address	:	Jalan Raya Perjuangan, Sub-District of Kebon Jeruk, District of Kebon Jeruk, City of West Jakarta, Province of DKI Jakarta, Indonesia.
Land Area	:	11,420 square meters.
Gross Floor Area	:	20,268 square meters.
Registered Proprietor	:	PT Graha Indah Pratama.
Land Titles	:	HGB (Right To Build) Title No. 1313/Kebon Jeruk. - Registered Proprietor : PT Graha Indah Pratama. - Issuance Date : 11 August 1997. - Expiry Date : 10 August 2037. - Measurement Deed : 6358/1997. - Date of Situation Drawing : 7 August 1997. - Land Area : 11,420 square meters.
Summary of Rental Terms	:	The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis: - Landlord : PT Graha Indah Pratama. - Tenant : PT Lippo Karawaci Tbk. - Property : Siloam Hospitals Kebon Jeruk located at Jalan Raya Perjuangan, West Jakarta; together with the mechanical and electrical equipment (as listed in

Schedule 1 of the Lease Agreement) located in the Property.

- Building Type : Hospital.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Four Million Eight Hundred Twenty One Thousand (S\$4,821,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

- Building Permit :
- Building Permit No. 15552/IMB/1994 Issued date 05 January 1984.
 - Building Permit No. 7948/IMB/1990 Issued 25 September 1990.
 - Building Permit No. 5451/IMB/1991 Issued 21 June 1991.

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Town Planning	: Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta) :
	Land Zoning : Public and Social Service.
	Building Site Coverage (KDB) : 55%.
	Building Plot Ratio (KLB) : 6.
	Height Limitation : 40 Storey.
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 18 September 2020.
Date of Valuation	: 2 November 2020.
Terminal Capitalisation Rate	: 9.37%
Discount Rate	: 12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	: Rp738,468,000,000.- (Indonesian Rupiah Seven Hundred Thirty-Eight Billion Four Hundred Sixty-Eight Million Only). Reflecting Singapore Dollars S\$68,576,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

4. Mochtar Riady Comprehensive Cancer Centre ("MRCCC")

Building Description	: The subject property is Mochtar Riady Comprehensive Cancer Centre ("MRCCC") that comprises of a 29-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.
Address	: Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta – Indonesia.
Land Area	: 4,145 square meters.
Gross Floor Area	: 37,933 square meters.
Registered Proprietor	: PT. Primatama Cemerlang.
Land Titles	: Hak Guna Bangunan (Right to Build) No.277/Karet Semanggi. - Registered Proprietor : PT. Primatama Cemerlang. - Issuance Date : 22 August 1997. - Expiry Date : 26 August 2035. - Measurement Deed : 3717/1997. - Date of Situation Drawing : 14 August 1997. - Land Area : 4,145 square meters.
Summary of Rental Terms	: The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis : - Landlord : PT Primatama Cemerlang. - Tenant : PT Lippo Karawaci Tbk. - Property : Mochtar Riady Comprehensive Cancer Centre ("MRCCC") located at Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta, Indonesia; together with the mechanical and electrical equipment (as listed in Appendix A of the Lease Agreement) located in the Subject Property.

- Building Type : Hospital.
- Lettable Area : 37,933 square meters.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Nine Million Nine Hundred Sixty Seven Thousand (S\$9,967,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:
Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : Hospital and facilities, based on Permit (Izin Mendirikan Bangunan) No.5204/IMB/2009 dated 2 June 2009.

Town Planning : Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta) :

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Land Use Zoning	: Public and social service zone.
Building Site Coverage (KDB)	: 30%
Building Plot Ratio (KLB)	: 5.5
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 23 September 2020.
Date of Valuation	: 2 November 2020.
Terminal Capitalisation Rate	: 9.51%
Discount Rate	: 12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	: Rp1,309,157,000,000.- (Indonesian Rupiah One Trillion Three Hundred Nine Billion One Hundred Fifty Seven Million Only).
	Reflecting Singapore Dollars S\$121,572,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

5. Siloam Hospital Makassar ("SHMK")

Building Description	: A 8-storeys hospital building with roof floor & 1 basement.
Address	: Jalan Metro Tanjung Bunga Kav 3-5, Sub district of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia.
Land Area	: 3,963 square meters.
Gross Floor Area	: 14,307 square meters.
Registered Proprietor	: PT Bayutama Sukses.
Land Titles	: Hak Guna Bangunan (Right to Build) No.20007/Penambungan. - Registered Proprietor : PT Bayutama Sukses. - Issuance Date : 21 March 2012. - Expiry Date : 22 December 2031. - Land Area : 3,963 square meters. - Measurement Deed : 00489/2012. - Date of Situation Drawing : 16 March 2012.
Summary of Rental Terms	: The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis : Landlord : PT Bayutama Sukses. Tenant : PT Lippo Karawaci Tbk. Property : Siloam Hospitals Makassar ("SHMK") located at Jalan Metro Tanjung Bunga Kav 3-5, Sub-District of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property. Building Type : Hospital. Lettable Area : 14,307 square meters. Commencement Date : 1 January 2021.

Rent	: <u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Five Million Two Hundred and Fifty One Thousand (S\$5,251,000). On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. <u>Escalation:</u> Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs"). <u>First Lease Year and subsequent Lease Year Rent Computation</u> The Commencement Base Rent will be prorated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year"). Commencement Base Rent x number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: 1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or 2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: 1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or 2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.
Lease Term	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	: Hospital and facilities, based on License to Build No. 503/8525/IMB-B/01/DPM-PTSP and No.503/0436/IMB/09/KPAP.
Town Planning	: Based on Peraturan Daerah No. 4 Tahun 2015 Kota Makassar : Land Use Zoning : Mixed Use. Building Site Coverage : 40% - 60%.

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Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 30 September 2020.
Date of Valuation	: 2 November 2020.
Terminal Capitalisation Rate	: 8.90%
Discount Rate	: 12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	: Rp713,247,000,000.- (Indonesian Rupiah Seven Hundred Thirteen Billion Two Hundred Forty-Seven Million Only). Reflecting Singapore Dollars S\$66,234,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

6. Manado Property (comprises of Siloam Hospitals Manado (“SHMD”) & Hotel Aryaduta Manado (“HAMD”))

Building Description	: An 11-storey mixed use development of 4-levels hospital with 238 beds and 200 hotel rooms.
Address	: Jalan Sam Ratulangi No.22, Boulevard Center Complex, Wenang Utara, Manado, North Sulawesi, Indonesia.
Land Area	: 5,518 square meters.
Gross Floor Area	: 36,051 square meters.
Registered Proprietor	: PT. Menara Abadi Megah.
Land Titles	: - Right to Build Certificate No. 55/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1612/1992. Measurement Letter Date : 17 September 1992. Land Area : 964 square meters. - Right to Build Certificate No. 56/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1613/1992. Measurement Letter Date : 17 September 1992. Land Area : 1,272 square meters. - Right to Build Certificate No. 57/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1614/1992. Measurement Letter Date : 17 September 1992. Land Area : 795 square meters. - Right to Build Certificate No. 58/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 21 September 1992.

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Expiry Date : 18 May 2032.
 Measurement Letter No. : 1615/1992.
 Measurement Letter Date : 17 September 1992.
 Land Area : 1,049 square meters.

5. Right to Build Certificate No. 74/Wenang Utara.
 Proprietor Name : PT Menara Abadi Megah.
 Issuance Date : 11 November 1992.
 Expiry Date : 18 May 2032.
 Measurement Letter No. : 1944/1992.
 Measurement Letter Date : 10 November 1992.
 Land Area : 793 square meters.

6. Right to Build Certificate No. 75/Wenang Utara.
 Proprietor Name : PT Menara Abadi Megah.
 Issuance Date : 11 November 1992.
 Expiry Date : 18 May 2032.
 Measurement Letter No. : 1943/1992.
 Measurement Letter Date : 10 November 1992.
 Land Area : 645 square meters.

Building Permit : Hospital, hotel and facilities, based on License to Build No. 202/0182/0030/IMB/BP2T/I/2012.

Summary of Rental Terms : **6a. Siloam Hospitals Manado**

Building Type : Hospital.
 Lettable Area : 11,476 square meters (exclusive of shared common space of 1,145 square meters).
 Commencement Date : 1 January 2021
 Rent : Commencement Base Rent:
 The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Two Hundred Two Thousand (S\$3,202,000)

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

6b. Hotel Aryaduta Manado

Building Type	: Hotel.
Lettable Area	: 23,430 square meters (exclusive of shared common space of 1,145 square meters).
Commencement Date	: 1 January 2021
MLA Expiry Date	: 29 November 2027.
Rent	: <u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Three Hundred Seven Thousand (S\$3,307,000)

Escalation:

Base rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the Consumer Price Index of Singapore for the preceding calendar year, subject to a floor of 0% and cap of 2%.

Variable Rent:

The Variable Rent computed as follows:

- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 5% or more than but less than 15%, the Variable Rent payable shall be equivalent to 0.75% of such excess amount.
- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 15% or more than but less than 30%, the Variable Rent payable

shall be equivalent to 1.25% of such excess amount.

- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 30% or more, the Variable Rent payable shall be equivalent to 0.75% of such excess amount.

For the avoidance of doubt, where the audited Gross Operating Revenue for the Preceding Financial Year does not exceed the audited Gross Operating for the Further Preceding Financial Year by more than 5%, no variable rent is payable.

Town Planning	:	Based on Local Government Regulation No.1, years 2014 regarding Planning Regulation / RTRW 2014-2034 of Manado City :
		Land Use Zoning : Office zone for commercial utilization (Trade and Services)
		Building Site Coverage : 40% - 60%.
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	18 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	Siloam Hospitals : 9.21%. Hotel Aryaduta : 10.98%
Discount Rate	:	Siloam Hospitals : 12.02%. Hotel Aryaduta : 9.09%.
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	Siloam Hospitals Manado: Rp428,487,000,000.- (Indonesian Rupiah Four Hundred Twenty Eight Billion Four Hundred Eighty-Seven Million Only). Reflecting Singapore Dollars S\$39,790,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation. Aryaduta Hotel Manado : SGD35,678,000.- (Singapore Dollar Thirty Five Million Six Hundred Seventy Eight Thousand Only). Reflecting Indonesia Rupiah Rp384,207,000,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation. Total for Siloam Hospitals Manado & Aryaduta Hotel Manado : Rp812,694,000,000.- (Indonesian Rupiah Eight Hundred Twelve Billion Six Hundred Ninety-Four Million Only). Reflecting Singapore Dollars S\$75,468,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

7. Siloam Hospitals TB Simatupang ("SHTS")

Building Description	: Private General Hospital and 16-storey hospital building with 2 (two) level basement, with a maximum capacity of 269 beds.
Address	: Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta – Indonesia.
Land Area	: 2,489 square meters.
Gross Floor Area	: 18,605 square meters.
Registered Proprietor	: PT. Perisai Dunia Sejahtera.
Land Titles	: Hak Guna Bangunan (Right to Build) No.2577/Cilandak Barat. - Registered Proprietor : PT. Perisai Dunia Sejahtera. - Issuance Date : 28 March 2013. - Expiry Date : 28 September 2028. - Measurement Deed : 00073/Cilandak Barat/2013. - Date of Situation Drawing : 26 March 2013. - Land Area : 2,489 square meters.
Summary of Rental Terms	: The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis : - Landlord : PT Perisai Dunia Sejahtera. - Tenant : PT Lippo Karawaci Tbk. - Property : Siloam Hospitals TB Simatupang located at Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta – Indonesia; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property. - Building Type : Hospital. - Commencement Date : 1 January 2021. - Rent : <u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Three Hundred and Thirty Four Thousand (S\$3,334,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") – period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital – period from 1 January through 31 December; or

2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : Hospital and facilities, based on 2 Licenses consists of :
 - License No.11723/IMB/2012 Dated 8 October 2012.
 - License No.15006/IMB/2012 Dated 12 December 2012.

Town Planning : Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta) :

Land Use Zoning	:	Public and social service zone.
Building Site Coverage (KDB)	:	30%
Building Plot Ratio (KLB)	:	3.5
Maximum Building Height	:	24 Storeys

Valuation Approach : Income Approach with Discounted Cash Flow Method.

Date of Inspection : 16 September 2020.

Date of Valuation : 2 November 2020.

Terminal Capitalisation Rate : 9.88%.

Discount Rate : 12.02%.

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp433,192,000,000.-**
(Indonesian Rupiah Four Hundred Thirty-Three Billion One Hundred Ninety Two Million Only)

Reflecting Singapore Dollars S\$40,227,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

8. Siloam Hospitals Bali ("SHBL")

Building Description : Siloam Hospitals Bali comprises of a 4-storey hospital with one basement level. SHBL has a maximum capacity of 281 inpatient beds (based on official letter sign by director SHBL No.223/SHDP-SK/DIR/XII/2017), integrated with shops for related use (known as Lippo Plaza Sunset).

Address : Jalan Sunset Road No.818, Sub District of Kuta, District of Kuta, City of Badung, Province of Bali, Indonesia

Land Area : 9,025 square meters.

Gross Floor Area : 20,958 square meters.

Registered Proprietor : PT Dasa Graha Jaya.

- Land Titles :
1. Right To Build Certificate No. 911/Kuta.
 Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 458/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 1,805 square meters.
 2. Right to Build Certificate No. 912/Kuta.
 Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 457/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 950 square meters.
 3. Right to Build Certificate No. 913/Kuta.
 Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 456/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 1,280 square meters.
 4. Right to Build Certificate No. 914/Kuta.
 Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 448/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 990 square meters.
 5. Right to Build Certificate No. 915/Kuta.

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Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 449/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 1,200 square meters.

6. Right to Build Certificate No. 916/Kuta.

Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 459/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 1,200 square meters.

7. Right to Build Certificate No. 917/Kuta.

Proprietor Name : PT Dasa Graha Jaya.
 Issuance Date : 22 August 1998.
 Expiry Date : 26 March 2038.
 Measurement Letter No. : 450/1998.
 Measurement Letter Date : 12 August 1998.
 Land Area : 1,600 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

Landlord : PT Dasa Graha Jaya.
 Tenant : PT Lippo Karawaci Tbk.
 Property : Four- storey hospital with one basement level accommodating 281 inpatient beds and integrated with shops for related use, which commenced operations on 17 December 2012.

Building Type : Hospital
 Lettable Area : 20,958 square meter.
 Commencement Date : 1 January 2021.
 Rent : Commencement Base Rent:
 The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Five Million and Ten Thousand (S\$5,010,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:
 Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : License no.114 year 2011 date of issue 8 February 2011.

Town Planning : Zonation of The Subject Property are as follow (based on Badung Regency Regulation No.26, years 2013 regarding Planning Regulation of Badung Regency)

Land Use Zoning : Trade and service zone.

Building Site Coverage : Maximum 60%

Valuation Approach : Income Approach with Discounted Cash Flow Method.

Date of Inspection : 28 September 2020.

Date of Valuation : 2 November 2020.

Terminal Capitalisation Rate : 9.44%

Discount Rate : 12.02%

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp663,366,000,000.- (Indonesian Rupiah Six Hundred Sixty-Three Billion Three Hundred Sixty-Six Million Only).**

Reflecting Singapore Dollars S\$61,602,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

9. Siloam Hospital Labuan Bajo ("SHLB")

- Building Description : The subject property is Siloam Hospital Labuan Bajo ("SHLB") that comprises of a 3-storeys hospital building with a maximum capacity of 153 beds.
- Address : Jalan Gabriel Gampur, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur, Indonesia.
- Land Area : 2,837 square meters.
- Gross Floor Area : 7,604 square meters.
- Registered Proprietor : PT Prima Labuan Bajo.
- Land Titles : Hak Guna Bangunan (Right to Build) No.00029/Gorontalo.
- Registered Proprietor : PT Prima Labuan Bajo.
 - Issuance Date : 11 May 2016.
 - Expiry Date : 11 May 2046.
 - Measurement No. : 401/Gorontalo/2016.
 - Measurement Date : 26 April 2016.
 - Land Area : 2,837 square meter.
- Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:
- Landlord : PT Prima Labuan Bajo.
 - Tenant : PT Lippo Karawaci Tbk, and PT Lintas Buana Jaya.
 - Property : Siloam Hospitals Labuan Bajo ("SHLB") located at Jalan Gabriel Gampur, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur, Indonesia.
 - Building Type : Hospital.
 - Lettable Area : 7,604 square meters.
 - Commencement Date : 1 January 2021.
 - Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Eight Hundred Eighty Four Thousand (S\$884,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:
Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.									
Building Permit	:	Izin Mendirikan Bangunan (Building Permit) No.BPMPPT.503.660/IMB/014/VI/2015 dated 22 June 2015.									
Operating License	:	Manggarai Barat Government Decree No.188.KEP/HK/2016, expiry dated September 2021.									
Town Planning	:	Zonation of The Subject Property are as follow (based on Regent Regulation No.10 Year 2020 regarding Spatial Utilization Regulation and Spatial Utilization Principle Permit (<i>Peraturan Bupati No.10 tentang Ketentuan Pemanfaatan Ruang dan Izin Prinsip Pemanfaatan Ruang</i>): <table border="0" style="margin-left: 40px;"> <tr> <td>Land Use Zoning</td><td>:</td><td>Public service facilities zone (<i>Zona Sarana Pelayanan Umum</i>).</td></tr> <tr> <td>Building Site Coverage (KDB)</td><td>:</td><td>Maximum 80%.</td></tr> <tr> <td>Building Plot Ratio (KLB)</td><td>:</td><td>Maximum 2.4.</td></tr> </table>	Land Use Zoning	:	Public service facilities zone (<i>Zona Sarana Pelayanan Umum</i>).	Building Site Coverage (KDB)	:	Maximum 80%.	Building Plot Ratio (KLB)	:	Maximum 2.4.
Land Use Zoning	:	Public service facilities zone (<i>Zona Sarana Pelayanan Umum</i>).									
Building Site Coverage (KDB)	:	Maximum 80%.									
Building Plot Ratio (KLB)	:	Maximum 2.4.									
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.									
Date of Inspection	:	23 September 2020.									
Date of Valuation	:	2 November 2020.									
Terminal Capitalisation Rate	:	8.81%.									
Discount Rate	:	12.02%.									

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp121,911,000,000.- (Indonesian Rupiah One Hundred Twenty-One Billion Nine Hundred Eleven Million Only).**

Reflecting Singapore Dollars S\$11,321,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

10. Siloam Hospitals Buton ("SHBN")

Building Description : A 3-storey standalone hospital located in Bau Bau City, the main city on Buton Island with a maximum capacity of 160 beds.

This hospital was built pursuant to Build, Operate and Transfer (BOT) Right between The Government of Buton Regency and PT. Andromeda Sakti under BOT Cooperation Agreement No.032/3614 and No.01/PKS-AS/VI/2014 dated 16 June 2014 which amended at 25 November 2015. The tenure of the agreement is 30 years from the agreement date.

Note: We note that there is a single storey purpose built shopping mall named Lippo Plaza Buton adjoined to SHBN with a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Buton only and does not include the valuation of Lippo Plaza Buton.

Address : Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulio, District of Wolio, City of Bau Bau, Province of Southeast Sulawesi, Indonesia.

Land Area for Siloam Hospitals Buton & Lippo Plaza Buton : 21,874 square meters.

Gross Floor Area : 10,796 square meters (Siloam Hospitals Buton only).

Registered Proprietor : PT Buton Bangun Cipta.

Land Titles for Siloam Hospitals Buton & Lippo Plaza Buton :

1. Right to Build Certificate No. 00033/Batulo.

Proprietor Name	: PT Buton Bangun Cipta.
Issuance Date	: 30 May 2017.
Expiry Date	: 8 March 2042.
Measurement Letter No.	: 00081/2017.
Measurement Letter Date	: 29 May 2017.
Land Area	: 4,180 square meters.
2. Right to Build Certificate No. 00034/Batulo.

Proprietor Name	: PT Buton Bangun Cipta.
Issuance Date	: 30 May 2017.
Expiry Date	: 8 March 2042.
Measurement Letter No.	: 00082/2017.
Measurement Letter Date	: 29 May 2017.
Land Area	: 17,694 square meters.

BOT Agreement : On 16 June 2014, Government of Buton Regency (the "Land Owner") and PT Andromeda Sakti (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.032/3614 and No.01/PKS-AS/VI/2014, which amended at 25 November 2015. All parties agreed that the BOT period is start from the agreement date and ended 30 years from the agreement date. The Property Company shall build and operate the commercial building and other facilities. The BOT Title expiry takes precedence over the HGB Land Title Expiry.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Buton Bangun Cipta .
- Tenant : PT Lippo Karawaci Tbk and PT Bina Bahtera Sejati.
- Property : Siloam Hospitals Buton located at Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulio, District of Wolio, City of Bau Bau, Province of Southeast Sulawesi, Indonesia ; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property.
- Building Type : Hospital.
- Lettable Area : 10,796 square meters (SHBN only).
- Commencement Date : 1 January 2021.

Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million and Seventy Four Thousand (\$S1,074,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:
Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation
The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.
Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:
1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%.

For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:
 1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
 2. the Commencement Base Rent x (1+S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%.
 For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	: License No. 648/659/III/02/2014, dated 16 December 2014.
Town Planning	: Zonation of The Subject Property are as follow (based on Baubau City Regulation No.4 year 2014 regarding planning Regulation/Rencana Tata Ruang Wilayah of Baubau City 2014-2034) :
Land Use Zoning	: Residential zone.
Remarks	: The residential zone is also allowed to be built for non-residential purpose building on it, as long the purpose of the building is to support residential activities / needs.
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 1 October 2020.
Date of Valuation	: 2 November 2020.
Discount Rate	: 12.01%.
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	: Rp131,887,000,000.- (Indonesian Rupiah One Hundred Thirty-One Billion Eight Hundred Eighty-Seven Million Only). Reflecting Singapore Dollars S\$12,247,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

11. Siloam Hospitals Yogyakarta ("SHYG")

Building Description	: A 10-storey hospital building attached to Lippo Plaza Jogja.
Address	: Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.
Land Area	: 13,715 square meters.
Gross Floor Area	: 12,474 square meters.
Registered Proprietor	: PT Yogya Central Terpadu.

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- Land Titles : Hak Guna Bangunan (Right to Build) No.00131/Demangan.
- Registered Proprietor : PT Yogya Central Terpadu.
 - Issuance Date : 14 November 2005.
 - Expiry Date : 27 December 2043.
 - Measurement No. : 00440/Demangan/2005.
 - Measurement Date : 14 November 2005.
 - Land Area : 13,715 square meters.
- Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:
- Landlord : PT Yogya Central Terpadu ("PT YCT").
 - Note : PT YCT jointly held by First REIT (through Class A shares) and LMIRT (through Class B shares) held by their respective Sing SPC's. Class A shares of PT YCT is entitled to all of the rights and obligations attributable to SHYG, including all of its revenue, profits, dividends, expenses and liabilities. LMIRT hold Class B shares of the PT YCT which is entitled to all of the rights and obligations attributable to the retail mall, including all of its revenue, profits, dividends, expenses and liabilities.
 - Tenant : PT Lippo Karawaci Tbk, and PT Taruna Perkasa Megah.
 - Property : Siloam Hospitals Yogyakarta ("SHYG") located at Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.
 - Building Type : Hospital.
 - Lettable Area : 12,474 square meters.
 - Commencement Date : 1 January 2021.
 - Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million Five Hundred and Eighty Thousand (S\$1,580,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:
Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.									
Building Permit	:	Izin Mendirikan Bangunan (Building Permit) No. 0079/GK/2014 dated 29 January 2014.									
Hospital Operating Permit	:	Health Department Decree No. 503/6668 dated 20 June 2017.									
Town Planning	:	Zonation of The Subject Property are as follow (based on Regional Plan of Yogyakarta No.2 year 2010 regarding Planning Regulation of Yogyakarta) : <table border="0" style="margin-left: 40px;"> <tr> <td>Land Use Zoning</td><td>:</td><td>Commercial use/trade and service.</td></tr> <tr> <td>Building Site Coverage (KDB)</td><td>:</td><td>Maximum 90%.</td></tr> <tr> <td>Building Plot Ratio (KLB)</td><td>:</td><td>Maximum 6.4.</td></tr> </table>	Land Use Zoning	:	Commercial use/trade and service.	Building Site Coverage (KDB)	:	Maximum 90%.	Building Plot Ratio (KLB)	:	Maximum 6.4.
Land Use Zoning	:	Commercial use/trade and service.									
Building Site Coverage (KDB)	:	Maximum 90%.									
Building Plot Ratio (KLB)	:	Maximum 6.4.									
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.									
Date of Inspection	:	28 September 2020.									
Date of Valuation	:	2 November 2020.									
Terminal Capitalisation Rate	:	9.84%.									
Discount Rate	:	12.02%.									
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	Rp207,689,000,000.- (Indonesian Rupiah Two Hundred Seven Billion Six Hundred Eighty-Nine Million Only). Reflecting Singapore Dollars S\$19,287,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.									

Valuation Summary

The summary of the market values as at 2 November 2020 of the 11 health care properties; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

No	Subject Property	Market Value (IDR)	Market Value (SGD)
1	SHLV	1,747,885,000,000	162,313,000
2	SHS	435,797,000,000	40,469,000
3	SHKJ	738,468,000,000	68,576,000
4	MRCCC	1,309,157,000,000	121,572,000
5	SHMK	713,247,000,000	66,234,000
6	SHMD*	428,487,000,000	39,790,000
7	SHTS	433,192,000,000	40,227,000
8	SHBL	663,366,000,000	61,602,000
9	SHLB	121,911,000,000	11,321,000
10	SHBN	131,887,000,000	12,247,000
11	SHYG	207,689,000,000	19,287,000

Total: Rp6,931,086,000,000,-

(Indonesian Rupiah Seven Trillion Fifteen Billion Eight Hundred Thirty-Nine Million Only)

Reflecting Singapore Dollars S\$643,638,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

*The Market value of Hotel Aryaduta Manado is SGD35,678,000.- or Rp384,207,000,000.- and is excluded in this summary. The total Market Value for Manado Property (SHMD & HAMD) is Rp812,694,000,000.- or SGD75,468,000.-

Valuation Commentary and Rationale

We understand that the base rent was determined having taken into account factors such as the free cash flow, and the rent over earnings before interest, taxes, depreciation, amortisation and rental (“**EBITDAR**”) ratio of the Lippo Karawaci Hospitals. In the absence of comparable data in Indonesia, lease structures of healthcare REITs in the ASEAN and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been selected for comparison. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold based on their trading potential. We note that the assessment rental via a Rental / EBITDAR ratio, which is typical and reflective of the asset as a trade related property. We applied this approach only for property such hospital with master lease scheme operation. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% and as such is generally reasonable.

Hospital premises are rarely available for direct rental due to scarcity of such premises in the property market as they are usually leased for long term and do not have a change in hands as often as other commercial properties. This is especially so in Indonesia, as hospitals are more commonly built-to-suit and owner operated. Hence, there are limited transactions and publicly available information available for direct comparison due to the scarcity of such premises in the property market. As such, in order to understand the marketability and competitiveness of the base rent, we have made comparisons with 3-4 other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality properties are selected as they are similar to hospitals in nature, being in the services sector while office properties are selected as they share similarities with the consultation and administrative nature of the hospitals.

For the case of Hotel Aryaduta Manado, we have made comparisons with several other hospitality properties such as serviced residences and apartments within Indonesia.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

Further to that, we observed that the rental escalation rate of a typical Lease Agreement for retail, and commercial properties ranges from 3 – 5%]. Hence, we are of the opinion that the fixed base rental escalation rate of 4.5% per annum for the master leases is considered reasonable in the context of a typical Lease Agreement.

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Whilst the proposed rental structure is denominated in IDR currency, at the request of the Manager, we have conducted a scenario testing, on the assumption that with the same initial base rent denominated in Singapore dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 2.2% lower in aggregate, than the valuations undertaken for this exercise.

Our valuation based on the market rental of the subject properties. Since hospital premises are rarely available for direct rental due to the scarcity of such premises in the property market, and availability of bid data of rental properties are very limited, in order to understand marketability and competitiveness of the base rent, we have made a comparison with other commercial properties in the city. Having considered all relevant information, we are of the opinion that the proposed base rental is reasonable to derive final market value of the subject properties.

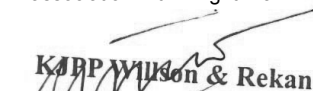
Valuation Assumptions and Limiting Conditions

- (i) This valuation certificate is in short-form format, which purposely prepared for English – spoken readers.
- (ii) This valuation certificate is purposely only presenting the salient aspect of the valuation, and it does not include a full description of the Subject Properties and the full analysis on our Valuation Approach.
- (iii) This valuation is for 100% interest only and does not taken into account any partial interest of ownerships/shares by the Company and/ or its subsidiaries over of the Subject Property;
- (iv) The Valuation Objects are free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (v) The ownership and/or leasehold right of the Subject Properties can be transferred or sub-lease to third parties;
- (vi) That all information relating to the Subject properties as provided by the Company to the Valuer is correct and accurate;
- (vii) This valuation speaks only as of the date of valuation. The Valuer takes no responsibility for any events, conditions or circumstances affecting the market values of the Valuation Objects that take place subsequent to the date of valuation;
- (viii) This valuation is based on an evaluation of the current economic condition, which does not take into account nor make any provision for the effect of any sharp rise or decline in future economic conditions caused by the global financial crisis;
- (ix) This valuation has been prepared in an uncertain condition (high rate of uncertainty) due to the Covid-19 pandemic therefore, the users of the valuation report are required to be prudent in determining the relevancy between the valuation report and their needs (in relation to the usage of the valuation result), especially in regards to the differences between the date of valuation and when the valuation result is utilized in taking business and economy/financial decisions;
- (x) The different conditions that may occur between the date of the valuation and the time the valuation result is used can decrease the relevancy of opinion of value towards the needs of the users of the valuation result because of differences in data access and information as well as assumption and valuation analysis. If the users of the valuation result discover such conditions, they are advised to instruct the Valuer to review the already conducted assignment and if it is possible and required, the Valuer can reevaluate by repeating the previously conducted valuation procedures in a more thoroughly manner.

The Valuer confirms having no present or prospective pecuniary or other conflict of interest laid upon neither the Subject Properties nor the reported values which would affect its ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Valuation Objects. The Valuer asserts that the statement in this report, which forms the basis of analysis, opinion and conclusion of this valuation, is correct and accurate.

Jakarta, 30 November 2020

KJPP Willson dan Rekan
in association with Knight Frank


KJPP Willson & Rekan

Wisnu Wardhana
B. Bus, M.Sc. MAPPI (Cert.)
Partner
Licensed Public Valuer No.: P-1.09.00205 (Property Valuation)
OJK Registration No. STTD.PP-129/PM.223/2019
MAPPI Membership No.: 02-S-01533

Valuation of:

3 Properties Located Within Indonesia

Prepared for

Perpetual (Asia) Limited (as Trustee of First
Real Estate Investment Trust)

First REIT Management Limited (in its
capacity as Manager of First Real Estate
Investment Trust)

Report Date

30 November 2020

Ref: CC/EH/20-0135/ac

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30 November 2020

Perpetual (Asia) Limited
(as trustee of First Real Estate Investment Trust) (“Trustee” or “Client”)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981

Attention: Ms Sin Li Choo

First REIT Management Limited
(in its capacity as Manager of First Real Estate Investment Trust) (“Manager”)
333 Orchard Road #33-02
Singapore 238867

Attention: Mr Jacky Chan

Dear Sirs,

RE: VALUATION OF 3 PROPERTIES IN INDONESIA (“VALUATION ASSIGNMENT”)

1. Instructions

Pursuant to your instructions, we are pleased to submit our valuation report, which has been prepared for corporate action purposes and inclusion in circular to be issued by the Manager. Terms of engagement have been agreed with Perpetual (Asia) Limited as Trustee of First Real Estate Investment Trust (“First REIT”) to provide a market value of the Property as at the valuation date in accordance to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS) and for bank financing and mortgage purposes.

Cushman & Wakefield VHS Pte Ltd have no pecuniary or other conflict of interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property.

We confirm the valuation of 3 properties (“Property”) across Indonesia are as follows:

- Siloam Hospitals Purwakarta
- Siloam Sriwijaya
- Siloam Hospitals Kupang

2. Valuer Competency

The valuation is led by Chris Carver, Head of Valuations South East Asia, who has over 18 years’ experience in valuations, consulting and capital markets across Asia Pacific.

Additionally, the team comprise Firman Sagaf, Senior Partner of KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

3. Valuation Purposes

The purpose of this valuation is to be used for as part of the evaluation of corporate actions and to be included in the circular to be issued by the Manager in due course.

4. Valuation Date

The Valuation Date is at 2 November 2020.

5. Bases of Valuation

The valuation and report have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.

Bases

The Property has been valued on the basis of Market Value as at the Valuation Date.

Definitions

The term 'Market Value' as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

'Market Value' is consistent with Fair Value as defined in current Financial Reporting Standard FRS 113 prescribed by the Accounting Standards Council Singapore.

6. Assumptions, Departures and Reservations

Assumptions

We have valued the Property taking into consideration the agreed Term Sheet as at 2 November 2020, the signed Memorandum of Understanding ("MOU") dated 28 November 2020 and the present occupational arrangements, based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property. The ownership and/or leasehold right of the Properties can be transferred or sub-lease to third parties.

Where Market Value is assessed, it reflects the full contract value and no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for

any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also assumed that all the leases are legally valid and enforceable and the Property has a proper legal title that can be freely transferable, leased and sub-leased in the market. Cushman & Wakefield has no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to the valuation.

Our valuation assumes that the premises and any works thereto comply with all relevant statutory and planning regulations.

Reservations

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan who worked on the valuation in respect to the Property, market conditions and available data.

No on-site measurement has been taken. Dimensions, measurements and areas included in the report are based on information obtained/ provided and are only approximations. Currency units are in Singapore Dollars.

We have not carried out any structural survey and we are therefore unable to report whether the Property is or is not free from rot, infestation or any other defects. No tests have been carried out on any of the building services. We have also not obtained any Environmental Baseline Study as it is outside our terms of engagement.

Our valuation is made without any special instructions.

7. Inspection

External and internal inspection of the Property has been made by KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan on 12 & 15 September 2020 and 16 October 2020. Investigation was carried out as necessary. Although not all areas were accessible for viewing at the time of inspection, we have made endeavours to inspect all areas available for viewing.

We confirm that our investigation has been conducted independently and without influence from any third party in any manner.

We have not tested any services of the Property and are therefore unable to report on their present conditions. However, we noted that public utility and telecommunications services were connected.

We have not undertaken any structural survey of the Property and are therefore unable to comment on the structural conditions.

No investigation has been carried out to determine the suitability of ground conditions for any future development. We have assumed that these aspects are satisfactory and no extraordinary expense or delay will be incurred during the construction period.

No on-site measurement has been taken to verify the correctness of site area in respect of the Property. We have assumed that the site area shown on the documents are correct.

8. Sources of Information

We have relied to a considerable extent on the information provided by the Manager, in particular but not limited to, the identification of the Property, the particulars of occupancy, the tenancy details, the floor plan and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Manager. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

9. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a buyer, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

10. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

11. Disclosure and Publication

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the property owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties.

Signed for and on behalf of Cushman & Wakefield VHS Pte Ltd



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12. Description of Subject Properties

12.1 Siloam Hospitals Purwakarta (“SHPW”)	
Property Description:	Siloam Hospitals Purwakarta comprises a 3-storey hospital building and a 5-storey hospital building adjoined to each other with a maximum capacity of 202 beds.
Address:	Jalan Bungursari No.1, Boulevard Centre Complex, Sub-District of Cibening, District of Bungursari, City of Purwakarta, Province of West Java, Indonesia.
Land Area:	7,990 square meters.
Gross Floor Area (GFA):	8,254 square meters.
Registered Proprietor:	PT Eka Dasa Parinama.
Land Titles:	- Right to Build Certificate No.1050/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 25 November 1994. Expiry Date : 27 November 2043. Measurement Letter No. : 1879/1994. Measurement Letter Date : 20 October 1994. Land Area : 600 square meters. - Right to Build Certificate No.01666/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 13 January 2006. Expiry Date : 14 November 2043. Measurement Letter No. : 16/Cibening/2005. Measurement Letter Date : 19 December 2005 Land Area : 835 square meters. - Right to Build Certificate No.01667/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 11 October 1996. Expiry Date : 14 November 2043. Measurement Letter No. : 1691/1996. Measurement Letter Date : 4 October 1996.

12.1 Siloam Hospitals Purwakarta (“SHPW”)

	Land Area : 182 square meters. 4. Right to Build Certificate No.01668/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 25 November 1994. Expiry Date : 14 November 2043. Measurement Letter No. : 1880/1994. Measurement Letter Date : 20 October 1994. Land Area : 405 square meters. 5. Right to Build Certificate No.01670/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 22 February 2006. Expiry Date : 14 November 2043. Measurement Letter No. : 01/Cibening/2006. Measurement Letter Date : 8 February 2006. Land Area : 700 square meters. 6. Right to Build Certificate No.02189/Cibening. Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 19 March 2014. Expiry Date : 14 November 2043. Measurement Letter No. : 189/Cibening/2014. Measurement Letter Date : 17 March 2014. Land Area : 5,268 square meters.
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Eka Dasa Parinama. Tenant : PT Metropolis Propertindo Utama. Building Type : Hospital.
	Commencement Base Rent: : S\$1,767,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

12.1 Siloam Hospitals Purwakarta (“SHPW”)

Escalation	:	Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).
First Lease Year and subsequent Lease Year Rent	:	The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.
Computation	:	Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.
Commencement Date	:	1 January 2021.

12.1 Siloam Hospitals Purwakarta (“SHPW”)	
	Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no.: 503/IMB.219-BPMPTSP/2014 and 503/IMB.581-BPMPTSP/2014. Date of issue: 2 April 2014 and 16 October 2014 respectively.
Town Planning:	Land Use Zoning : Residential. Building Site Coverage (KDB) : Maximum 70%.
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	15 September 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	9.25%
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 243,722,000,000/- (Indonesian Rupiahs Two Hundred Forty Three Billion Seven Hundred And Twenty Two Million Only).
	Reflecting SGD 22,710,000, Singapore Dollars Twenty Two Million Seven Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by Monetary Authority of Singapore, “MAS”) as at the date of valuation.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

12.2 Siloam Sriwijaya (“SS”)	
Property Description:	Siloam Sriwijaya comprises a 7-storey hospital building with a maximum capacity of 357 beds.
Address:	Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia.
Strata Floor Area (SFA):	The total hospital strata floor area and hospital common area is 15,708.67 square meters of which 3,526.48 square meters is hospital common area and 12,182.19 square meters is hospital strata floor area.
Registered Proprietor:	PT Sriwijaya Mega Abadi.

12.2 Siloam Sriwijaya ("SS")

Land/ Strata Titles:	We have been informed by the Client that legal title consists of 8 (eight) strata-title certificates (SHMASRS) with total area of 12,182.19 square meters and the ownership of the Subject Property is under the name of PT Sriwijaya Mega Abadi. The eight (8) SHMSRS stand over a common land certificate of HGB No. 828/Lorok Pakjo and are summarised as follows: - SHMSRS No.6987/GF/RS/01/LorokPakjo. - Registered Proprietor : PT Sriwijaya Mega Abadi. - Issuance Date : 10 December 2014. - Expiry Date : 3 February 2044 - Measurement Letter No. : 00009/2014. - Measurement Letter Date : 10 December 2014. - Building Area : 937.8 square meters. - SHMSRS No.6995/UG/RS/01/LorokPakjo. - Registered Proprietor : PT Sriwijaya Mega Abadi. - Issuance Date : 10 December 2014. - Expiry Date : 3 February 2044 - Measurement Letter No. : 00017/2014. - Measurement Letter Date : 10 December 2014. - Building Area : 2,281.53 square meters. - SHMSRS No.6994/01/RS/01/LorokPakjo. - Registered Proprietor : PT Sriwijaya Mega Abadi. - Issuance Date : 10 December 2014. - Expiry Date : 3 February 2044 - Measurement Letter No. : 00016/2014. - Measurement Letter Date : 10 December 2014. - Building Area : 1,726.9 square meters. - SHMSRS No.6986/02/RS/01/LorokPakjo. - Registered Proprietor : PT Sriwijaya Mega Abadi. - Issuance Date : 10 December 2014. - Expiry Date : 3 February 2044 - Measurement Letter No. : 00008/2014. - Measurement Letter Date : 10 December 2014.

12.2 Siloam Sriwijaya ("SS")

	Building Area : 1,644.3 square meters. 5. SHMSRS No.6983/03/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00005/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 6. SHMSRS No.6985/05/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00007/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 7. SHMSRS No.6993/06/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00015/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 8. SHMSRS No.6982/RM/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00004/2014. Measurement Letter Date : 10 December 2014. Building Area : 546.2 square meters. The Strata title certificates is under HGB Right to Build detailed as follow: HGB (Right to Build) Title No.828/LorokPakjo. Registered Proprietor : PT Palembang Paragon Mall.

12.2 Siloam Sriwijaya ("SS")	
	Issuance Date : 19 February 2014. Expiry Date : 3 February 2044. Measurement Letter No. : 12/LorokPakjo/2014. Measurement Letter Date : 6 February 2014. Land Area : 23,311 square meters. Remark : The HGB Title is a HGB under Right to Manage (Hak Pengelolaan) No.93/Lorok Pakjo. BOT Agreement was made on 25 January 2011, Government of South Sumatera (the "Land Owner") and PT Palembang Paragon Mall (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.003/SPK/VI/2011. All parties agreed that the BOT period start from 25 January 2011 until 24 January 2041. The Property Company shall build and operate the hospital and other facilities. BOT Title Expiry takes precedence over HGB Land Title Expiry
Summary of Rental Terms:	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Sriwijaya Mega Abadi. Tenant : PT Metropolis Propertindo Utama. Building Type : Hospital.
	Commencement Base Rent: : S\$2,016,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs"). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the "First Lease Year"). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

12.2 Siloam Sriwijaya ("SS")

	For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital ("GOR"); or ii. the Commencement Base Rent $X (1 + S)$ = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent $X (1 + S)$, where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent $X (1 + S)$, where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no. : 362/IMB/2011 Date of issue : 27 April 2011
Town Planning:	Land Use Zoning : Trade and Service zone.
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	12 September 2020

12.2 Siloam Sriwijaya (“SS”)	
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	Nil
Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:	IDR 262,629,000,000/- (Indonesian Rupiahs Two Hundred Sixty Two Billion Six Hundred And Twenty Nine Million Only). Reflecting SGD 24,470,000, Singapore Dollars Twenty Four Million Four Hundred And Seventy Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

12.3 Siloam Hospitals Kupang (“SHKP”)	
Property Description:	Siloam Hospitals Kupang comprises a 4-storey purpose-built hospital. SHKP has a maximum capacity of 416 beds. We note that there is an adjoining retail building - Lippo Plaza Kupang to SHKP, which is under a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Kupang only and does not include Lippo Plaza Kupang.
Address:	Jalan Veteran No. 4, Subdistrict of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur - Indonesia.
Land Area:	66,060 square meters. (Total lot size inclusive of Lippo Plaza Kupang)
Gross Floor Area (GFA):	21,593 square meters. (for Siloam Hospitals Kupang only)
Registered Proprietor:	PT Nusa Bahana Niaga.
Land Titles:	1. Right to Build Certificate No. 247/Fatululi. Proprietor Name : PT Nusa Bahana Niaga. Issuance Date : 11 May 2016. Expiry Date : 10 May 2046. Measurement Letter No. : 256/Fatululi/2016. Measurement Letter Date : 29 April 2016. Land Area : 66,060 square meters.

12.3 Siloam Hospitals Kupang (“SHKP”)	
	HPL / Hak Pengelolaan (Right to Manage) Title No. 01/Fatululi. BOT Agreement was made on 12 May 2011 between PT Nusa Bahana Niaga as the BOT holder, and Pemerintah Propinsi Nusa Tenggara Timur (Provincial Government of Nusa Tenggara Timur) as the land owner for the period of 12 May 2011 till 12 May 2041 (30 years after the BOT Extension) and its Addendum No. HK.34/2016 dated 5 December 2016. BOT Title Expiry takes precedence over HGB Land Title Expiry.
Summary of Rental Terms:	The following summarizes the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Nusa Bahana Niaga. Tenant : PT Metropolis Propertindo Utama. Building Type : Hospital.
	Commencement Base Rent: : S\$1,978,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Computation : Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

12.3 Siloam Hospitals Kupang (“SHKP”)

	For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. For subsequent lease years, the adopted annual rent will be the higher of: i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year's Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. Commencement Date : 1 January 2021. Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
Building Permit:	License no. : 027/BPPT/640.644/002.KDB/1/2013 and 196 / BPPT/ 640.644/002.KOB/V/2014 Date of issue : 16 January 2013 and 12 May 2014 respectively.
Town Planning:	Land Use Zoning : Trade and Services zone Building Site Coverage : 60%
Valuation Approach:	Income Approach with Discounted Cash Flow Method.
Date Inspected:	16 October 2020
Date of Valuation:	2 November 2020
Discount Rate:	11.70%
Terminal Yield:	Nil
Market Value, as at 2 November 2020	IDR 228,290,000,000/- (Indonesian Rupiahs Two Hundred Twenty Eight Billion Two Hundred And Ninety Million Only).

12.3 Siloam Hospitals Kupang (“SHKP”)	
based on conditions in the agreed Term Sheet:	Reflecting SGD 21,270,000, Singapore Dollars Twenty One Million Two Hundred And Seventy Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation. We noted there is another existing Master Lease Agreement for Lippo Plaza Kupang and this value excludes the value of Lippo Plaza Kupang.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

13. Valuation Assumptions

Our valuation has been made on the assumptions that the seller disposes of the Property in an open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

No allowance has been made for any changes, mortgages or amounts owing on the Property or for any expense or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible. Our valuation is reflective of the current market as at the date of valuation. Should there be a material worsening in the COVID-19 situation within Indonesia, we reserve the right to review our valuation.

Factors such as the free cash flow, rent over earnings before interest, taxes, depreciation, amortisation and rental (“EBITDAR”) ratio of the Lippo Karawaci Hospitals was taken into consideration when determining the base rent. Given the absence of direct comparable evidence within the direct Indonesia market, the broader ASEAN and North America regions healthcare REITs lease structures such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been utilised as comparables. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold on the basis of their trading

potential. We note that the calculation of the proposed contract rental has been assessed via a ratio of the Rental / EBITDAR, which is typical and reflective of the asset as a trade related property. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% which we believe to be broadly reasonable.

Due to scarcity and confidentiality of hospitals assets, hospital rentals are hardly accessible as lease terms are normally long term and rarely being transacted as compared to other commercial properties. Hospitals are more commonly found to be built-to-suit and owner operated. Hence, there are limited transactions for direct comparison available publicly due to the scarcity of such premises in the property market.

As such, in order to understand the reasonableness of the base rent, we have made comparisons with other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality have been utilised as proxy property comparables as they are similar to hospitals in nature. While office properties are selected due to the similarities with the consultation and administrative nature of the hospitals.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

In addition, we observed that the annualised rental growth in retail and commercial properties ranges approximately 3% – 5%. Therefore, we are of the opinion that the fixed base rental growth rate of 4.5% per annum in the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, a scenario has been conducted at the request of the Manager with the assumption that with the same initial base rent denominated in Singapore Dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 7% lower in aggregate, than the valuations undertaken for this exercise.

14. Valuation Methodology and Commentary

We have adopted the Discounted Cash Flow Analysis as the primary methods of valuation in arriving at our opinion of the market value of the Property. We have not adopted the Comparable Sales Method in view of limited sales evidences, there have been no sale/purchase transactions of similar comparable in the recent years.

Discounted Cash Flow Method

The Discounted Cash Flow Method (DCF) is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of the capital, operating, and other necessary expenses.

We have carried out a DCF method calculation with respect to the Net Present Value Method on the subject property. Briefly, this method entails comparison of all future receipts from an investment with all future outgoings and the application of an appropriate discounted rate to this flow of net income to determine the net present value (NPV) of this income stream.

Many assumptions are made throughout the investment horizon and these include rental growth, outgoings escalation, capital expenditure and discount rate.

The future values applied in respect of rents and costs are projections only, formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income, which is subject to changes over time.

15. Valuation Summary

Having regard to the foregoing and the present market conditions, we are of the opinion that the aggregate market value as at 2 November 2020 of the 3 properties; subject to the existing tenancies and assuming free from encumbrances, is in the region of:

No	Description	Market Value (IDR, millions)	Market Value (SGD)
1	Siloam Hospitals Purwakarta	243,722	22,710,000
2	Siloam Sriwijaya	262,629	24,470,000
3	Siloam Hospitals Kupang	228,290	21,270,000
TOTAL		734,641	68,450,000

IDR 734,641,000,000/-

(Indonesian Rupiah Seven Hundred Thirty Four Billion Six Hundred And Forty One Million Only)

Reflecting SGD 68,450,000, Singapore Dollars Sixty Eight Million Four Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.

A Instructions

This valuation report has been prepared in accordance with your appointment to proceed with the valuation via your acceptance of our proposal dated 10 September 2020 and prior email correspondences.

A copy of our Limiting Conditions is attached at Appendix 1.

Information supplied to us is listed in Appendix 2.

Appendix 1 Terms & Conditions

The valuation report is prepared subject to the following terms and conditions: -

1. The valuation report is:
 - a. restricted to the use by the client to whom this report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose or beyond a reasonable time.

2. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
3. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
4. The values assessed in this report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
5. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order.
6. Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).
7. Any plans that are included in this report are meant for identification purposes and to assist the client in visualising the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters.
8. We have not taken into account any plant and machinery in our valuation.

9. We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
10. As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition.
11. Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
12. Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
13. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies).
14. Subject at all times to the provisions in these terms and conditions *and in the letter of engagement*, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a. any direct loss of profit;
 - b. any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
15. Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
16. Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
17. Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you.
18. Subject to the provisions in these terms and conditions *and in the letter of engagement*, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) S\$500,000.00, whichever is lower.
19. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise,

or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.

These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S\$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
25. Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.
26. Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.
27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28.

- a. The U.S. Foreign Corrupt Practices Act (the “FCPA”) and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official's position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
- b. We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act (“Applicable Anti-Bribery Laws and Rules”).
- c. You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
- d. We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively “Applicable Sanctions/AML Rules”).
- e. You represent and warrant to us that you and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
- f. In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

Appendix 2 Information Supplied

We have been supplied with the following information: -

Information	Source
1. Copy of Title Search/Site Plan	Local Map Service Provider
2. Copy of floor plans, rent rolls, gross floor area, net lettable area and property information	Manager
3. Copy of hospital projected revenues	Manager
4. Master lease agreements	Manager

KANTOR JASA PENILAI PUBLIK
WILLSON DAN REKAN
Izin No.2.09.0049
Jasa Penilaian Properti
Wilayah Kerja Negara Republik Indonesia



Report No: 533/W&R-Letter/XI/2020

First REIT Management Limited
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or the “**Client**”).
333 Orchard Road #33-02
Singapore 049321

Perpetual (Asia) Limited,
(as trustee of First Real Estate Investment Trust) (the “**Trustee**”)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981
Attention: Ms Sin Li Choo

Re : Valuation Summary of Three Properties in Indonesia.

The Instruction

Based on the Proposal Number 285/W&R-Proposal/IX/2020 dated 14 September 2020, First REIT Management Limited (the “Company”) has instructed KJPP Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation of Siloam Properties.

Valuer Competency

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan is a valuation service company which holds Izin Usaha Number 2.09.0049 dated 19 June 2009 from the Finance Minister’s decision of the Republic of Indonesia Number 610/KM.1/2009.

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company which is centered in London – England and has a network of 488 offices in 57 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.09.00205 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No.129/PM.223/2019.

Valuation Purposes

The Company required this valuation for the Master Lease Arrangement renewal purposes on the basis that the property are operated on the ongoing basis. This valuation report will be included in the circular to be issued by the Manager in due course.

The Valuation Cut-Off Date

The Cut-Off Date of this valuation is 2 November 2020.

Basis of Valuation

This valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) VII Edition - 2018, and the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

The basis of this valuation is Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Cut-Off Date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.”

Head office:
Chase Plaza 17th Floor, Jl. Jend. Sudirman Kav. 21, Jakarta 12920, Indonesia
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KnightFrank.co.id

KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.



Subject Properties

1. Siloam Sriwijaya ("SS")

Building Description : Siloam Sriwijaya comprises of a of 7-storey hospital building with maximum capacity of 357 beds and Centre of Excellence in Emergency & Trauma, Gastroenterology.

This hospital was built pursuant to Build, Operate and Transfer (BOT) Right granted by The Government of South Sumatera Province under Cooperation Agreement No.003/SPK/VI/2011 dated 25 January 2011 with tenure 25 January 2011 until 24 January 2041 (30 years).

Address : Jalan POM IX, Sub-district of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia

Gross Floor Area : 15,708.67 square meters.

Registered Proprietor : PT Sriwijaya Mega Abadi.

Land Titles : The Subject Property has 8 (eight) strata-title certificates / *Sertifikat Hak Milik atas Satuan Rumah Susun* (SHMSRS) as follow :

1. SHMSRS No.6987/GF/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.
 Issuance Date : 10 December 2014.
 Drawings No. : 00009/2014.
 Drawings Date : 10 December 2014.
 Building Area : 937.8 square meters.
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

2. SHMSRS No.6995/UG/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.
 Issuance Date : 10 December 2014.
 Drawings No. : 00017/2014.
 Drawings Date : 10 December 2014.
 Building Area : 2,281.53 square meters.
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

3. SHMSRS No.6994/01/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.
 Issuance Date : 10 December 2014.
 Drawings No. : 00016/2014.
 Drawings Date : 10 December 2014.
 Building Area : 1,726.9 square meters.
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

4. SHMSRS No.6986/02/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.
 Issuance Date : 10 December 2014.
 Drawings No. : 00008/2014.
 Drawings Date : 10 December 2014.
 Building Area : 1,644.3 square meters.
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

5. SHMSRS No.6983/03/RS/01/LorokPakjo.
Registered Proprietor : PT Sriwijaya Mega Abadi.
Issuance Date : 10 December 2014.
Drawings No. : 00005/2014.
Drawings Date : 10 December 2014.
Building Area : 1,681.82 square meters.
Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.
6. SHMSRS No.6985/05/RS/01/LorokPakjo.
Registered Proprietor : PT Sriwijaya Mega Abadi.
Issuance Date : 10 December 2014.
Drawings No. : 00007/2014.
Drawings Date : 10 December 2014.
Building Area : 1,681.82 square meters.
Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.
7. SHMSRS No.6993/06/RS/01/LorokPakjo.
Registered Proprietor : PT Sriwijaya Mega Abadi.
Issuance Date : 10 December 2014.
Drawings No. : 00015/2014.
Drawings Date : 10 December 2014.
Building Area : 1,681.82 square meters.
Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.
8. SHMSRS No.6982/RM/RS/01/LorokPakjo.
Registered Proprietor : PT Sriwijaya Mega Abadi.
Issuance Date : 10 December 2014.
Drawings No. : 00004/2014.
Drawings Date : 10 December 2014.
Building Area : 546. 2 square meters.
Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

The Strata title certificates is under a HGB Right to Build detailed as follow :

HGB (Right to Build) Title No.828/LorokPakjo.

Registered Proprietor : PT Palembang Paragon Mall.

Issuance Date : 19 February 2014.

Expiry Date : 3 February 2044.

Measurement Letter No. : 12/LorokPakjo/2014.

Measurement Letter Date : 6 February 2014.

Land Area : 23,311 square meters.

Remark : The HGB Title is a HGB under Right to Manage (Hak Pengelolaan) No.93/Lorok Pakjo.

- HPL / Hak Pengelolaan (Right to Manage) Title No.93/Lorok Pakjo.

BOT Agreement : On 25 January 2011, Government of South Sumatera (the "Land Owner") and PT Palembang Paragon Mall (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.003/SPK/VI/2011. All parties agreed that the BOT period is start from 25 January 2011 until 24 January 2041. Or a remaining BOT term is 20.24 years from the date of valuation. The Property Company shall build and operate the

hospital and other facilities. The BOT title expiry takes precedence over the HGB land title expiry.

Summary of Rental Terms : The following summarizes the salient aspects of mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020, which are applicable to our valuation analysis:

Landlord : PT Sriwijaya Mega Abadi.
 Tenant : PT Metropolis Propertindo Utama
 Property : Siloam Sriwijaya (SS) located at Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia.

Building Type : Hospital.

Lettable Area : 15,308.67 square meters.

Commencement Date : 1 January 2021.

Rent : Commencement Base Rent:
 The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million and Sixteen Thousand (S\$2,016,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1 + S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1 + S) = Second Lease Year Base Rent (the "Second Lease Year

Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	: License no.362/IMB/2011 date of issue 27 April 2011.
Town Planning	: Zonation of The Subject Property are as follow (based on Palembang Regency Regulation No.15, years 2015 regarding Planning Regulation of Palembang Regency) : Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 60%
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 23 September 2020.
Date of Valuation	: 2 November 2020.
Discount Rate	: 12.00%.
Market Value as at 2 November 2020 based on conditions in the Agreed Termsheet and MOU	: Rp246,112,000,000.- (Indonesian Two Hundred Forty-Six Billion One Hundred Twelve Million Only). Reflecting Singapore Dollars S\$22,855,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

2. Siloam Hospitals Purwakarta ("SHPW")

Building Description	: Siloam Hospital Purwakarta comprises of 3-storey hospital building and a 5-storey building adjoined to each other, both as a hospital building. It has a maximum capacity of 202 beds.
Address	: Jalan Bungursari No.1, Regency of Purwakarta, Province of West Java, Indonesia
Land Area	: 7,990 square meters.
Gross Floor Area	: 8,254 square meters.
Registered Proprietor	: PT Eka Dasa Parinama.
Land Titles	: 1. Right to Build Certificate No 1050/Cibening Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 25 November 1994. Expiry Date : 27 November 2043. Measurement Letter No. : 1879/1994. Measurement Letter Date : 20 October 1994. Land Area : 600 square meters. 2. Right to Build Certificate No.01666/Cibening Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 13 January 2006. Expiry Date : 14 November 2043. Measurement Letter No. : 16/Cibening/2005.

Measurement Letter Date : 19 December 2005.
Land Area : 835 square meters.

3. Right to Build Certificate No.01667/Cibening.

Proprietor Name : PT Eka Dasa Parinama.
Issuance Date : 11 October 1996.
Expiry Date : 14 November 2043.
Measurement Letter No. : 1691/1996.
Measurement Letter Date : 4 October 1996.
Land Area : 182 square meters.

4. Right to Build Certificate No.01668/Cibening.

Proprietor Name : PT Eka Dasa Parinama.
Issuance Date : 25 November 1994.
Expiry Date : 14 November 2043.
Measurement Letter No. : 1880/1994.
Measurement Letter Date : 20 October 1994.
Land Area : 405 square meters.

5. Right to Build Certificate No.01670/Cibening.

Proprietor Name : PT Eka Dasa Parinama.
Issuance Date : 22 February 2006.
Expiry Date : 14 November 2043.
Measurement Letter No. : 01/Cibening/2006.
Measurement Letter Date : 8 February 2006.
Land Area : 700 square meters.

6. Right to Build Certificate No.02189/Cibening.

Proprietor Name : PT Eka Dasa Parinama.
Issuance Date : 19 March 2014.
Expiry Date : 14 November 2043.
Measurement Letter No. : 189/Cibening/2014.
Measurement Letter Date : 17 March 2014.
Land Area : 5,268 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis :

Landlord : PT Eka Dasa Parinama.

Tenant : PT Metropolis Propertindo Utama.

Gross Floor : 8,254 sq-m, subject to survey or review.

Area(sqm)

Commencement : 1 January 2021.

Date

Rent : Commencement Base Rent:

The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million Seven Hundred and Sixty Seven Thousand (S\$1,767,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit	: License no.503/IMB.219-BPMPTSP/2014 date of issue 2 April 2014. License no.503/IMB.581-BPMPTSP/2014 date of issue 16 October 2014.
Town Planning	: Zonation of The Subject Property are as follow (based on the information from Settlement and Town Planning of Purwakarta City): Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 70%
Valuation Approach	: Income Approach with Discounted Cash Flow Method.
Date of Inspection	: 23 September 2020.
Date of Valuation	: 2 November 2020.
Terminal Capitalisation Rate	: 9.70%
Discount Rate	: 12.02%

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Market Value as at 2 November 2020 based on conditions in the Agreed Termsheet and MOU : **Rp255,674,000,000.- (Indonesian Rupiah Two Hundred Fifty-Five Billion Six Hundred Seventy-Four Million Only).**

Reflecting Singapore Dollars S\$23,743,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

3. Siloam Hospitals Kupang ("SHKP")

Building Description : An 4-storey purpose built hospital with one basement floor.

Address : Jalan Veteran No.4, Sub-District of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur – Indonesia.

Land Area (for Siloam Hospitals Kupang & Lippo Plaza Kupang) : 66,060 square meters. There is a 3-storey purpose built shopping mall named Lippo Plaza Kupang built on the same piece of land with a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Kupang only and does not include the valuation of Lippo Plaza Kupang.

Gross Floor Area : 21,593 square meters (for SHKP only).

Registered Proprietor : PT. Nusa Bahana Niaga.

Land Titles (for Siloam Hospitals Kupang & Lippo Plaza Kupang) : Right to Build Certificate No. 247/Fatululi.

Proprietor Name : PT Nusa Bahana Niaga.

Issuance Date : 11 May 2016.

Expiry Date : 10 May 2046.

Measurement Letter No. : 256/Fatulili/2016.

Measurement Letter Date : 29 April 2016.

Land Area : 66,060 square meters.

Note : Right to Build (SHGB) on Right to Manage (SHPL) under BOT agreement.

BOT Agreement and Its Addendum :

Tenure : 12 May 2011 - 12 May 2041
(30 years after the BOT Extension)

Legal Description : BOT Agreement between PT Nusa Bahana Niaga as the BOT holder, and Pemerintah Propinsi of Nusa Tenggara Timur) as the land owner dated 12 May 2011, and its Addendum No. HK.34/2016 dated 5 december 2016.

Registered Lessee(s)/ Proprietor(s) : PT Nusa Bahana Niaga

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis :

Landlord : PT Nusa Bahana Niaga.

Tenant : PT Metropolis Propertindo Utama (Siloam Hospital Kupang).

Property : Kupang Property is located at Jalan Veteran No.4, Sub-District of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur – Indonesia; together with the mechanical and electrical equipment (as listed in Appendix A of the Lease Agreement) located in the Subject Property.

Building Type : Hospital.

Lettable Area : 21,593 square meters (SHKP only).

Commencement Date : 1 January 2021.

Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year (Siloam Hospitals Kupang only) shall be the amount equivalent to Singapore Dollars One Million Nine Hundred Seventy Eight Thousand (S\$1,978,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

	Lease Term	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	:	Based on License to Build No. 027/BPPT/640.644/002.KDB/1/2013 Date 16 January 2013 and License No. 196/BPPT/640.644/002.KOB/V/2014 Date 12 May 2014
Town Planning	:	Based on Local Government Regulation No.12, years 2011 regarding Planning Regulation / RDTR 2011-2031 of Kupang City :
	Land Use Zoning	: Trade and Services
	Building Site Coverage	: 60%
	Plot Ratio	: 3
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	24 September 2020.
Date of Valuation	:	2 November 2020.
Discount Rate	:	12.01%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	Rp228,600,000,000.- (Indonesian Rupiah Two Hundred Twenty-Eight Billion Six Hundred Million Only). Reflecting Singapore Dollars S\$21,228,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

Valuation Summary

The summary of the market values as at 2 November 2020 of the 3 properties; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

No	Subject Property	Market Value (IDR)	Market Value (SGD)
1	SS	246,112,000,000	22,855,000
2	SHPW	255,674,000,000	23,743,000
3	SHKP	228,600,000,000	21,228,000

Total: Rp730,386,000,000,-

(Indonesian Rupiah Seven Hundred Thirty Billion Three Hundred Eighty Six Million Only)

Reflecting Singapore Dollars S\$67,825,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

Valuation Commentary and Rationale

We understand that the base rent was determined having taken into account factors such as the free cash flow, and the rent over earnings before interest, taxes, depreciation, amortisation and rental (“**EBITDAR**”) ratio of the Metropolis Propertindo Utama Hospitals. In the absence of comparable data in Indonesia, lease structures of healthcare REITs in the ASEAN and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been selected for comparison. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold based on their trading potential. We note that the assessment rental via a Rental / EBITDAR ratio, which is typical and reflective of the asset as a trade related property. . We applied this approach only for property such hospital with master lease scheme operation. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% and as such is generally reasonable.

Hospital premises are rarely available for direct rental due to scarcity of such premises in the property market as they are usually leased for long term and do not have a change in hands as often as other commercial properties. This is especially so in Indonesia, as hospitals are more commonly built-to-suit and owner operated. Hence, there are limited transactions and publicly available information available for direct comparison due to the scarcity of such premises in the property market. As such, in order to understand the marketability and competitiveness of the base rent, we have made comparisons with 3-4 other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality properties are selected as they are similar to hospitals in nature, being in the services sector while office properties are selected as they share similarities with the consultation and administrative nature of the hospitals.

Further to that, we observed that the rental escalation rate of a typical Lease Agreement for retail, and commercial properties ranges from 3%–5%. Hence, we are of the opinion that the fixed base rental escalation rate of 4.5% per annum for the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, at the request of the Manager, we have conducted a scenario testing, on the assumption that with the same initial base rent denominated in Singapore dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 2.2% lower in aggregate, than the valuations undertaken for this exercise.

Our valuation based on the market rental of the subject properties. Since hospital premises are rarely available for direct rental due to the scarcity of such premises in the property market, and availability of bid data of rental properties are very limited, in order to understand marketability and competitiveness of the base rent, we have made a comparison with other commercial properties in the city. Having considered all relevant information, we are of the opinion that the proposed base rental is reasonable to derive final market value of the subject properties.

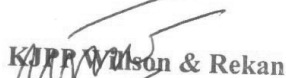
Valuation Assumptions and Limiting Conditions

- (i) This valuation certificate is in short-form format, which purposely prepared for English – spoken readers.
- (ii) This valuation certificate is purposely only presenting the salient aspect of the valuation, and it does not include a full description of the Subject Properties and the full analysis on our Valuation Approach.
- (iii) This valuation is for 100% interest only and does not taken into account any partial interest of ownerships/shares by the Company and/ or its subsidiaries over of the Subject Property;
- (iv) The Valuation Objects are free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (v) The ownership and/or leasehold right of the Subject Properties can be transferred or sub-lease to third parties;
- (vi) That all information relating to the Subject Properties as provided by the Company to the Valuer is correct and accurate;
- (vii) This valuation speaks only as of the date of valuation. The Valuer takes no responsibility for any events, conditions or circumstances affecting the market values of the Subject Properties that take place subsequent to the date of valuation;
- (viii) This valuation is based on an evaluation of the current economic condition, which does not take into account nor make any provision for the effect of any sharp rise or decline in future economic conditions caused by the global financial crisis;
- (ix) This valuation has been prepared in an uncertain condition (high rate of uncertainty) due to the Covid-19 pandemic therefore, the users of the valuation report are required to be prudent in determining the relevancy between the valuation report and their needs (in relation to the usage of the valuation result), especially in regards to the differences between the date of valuation and when the valuation result is utilized in taking business and economy/financial decisions;
- (x) The different conditions that may occur between the date of the valuation and the time the valuation result is used can decrease the relevancy of opinion of value towards the needs of the users of the valuation result because of differences in data access and information as well as assumption and valuation analysis. If the users of the valuation result discover such conditions, they are advised to instruct the Valuer to review the already conducted assignment and if it is possible and required, the Valuer can reevaluate by repeating the previously conducted valuation procedures in a more thoroughly manner.

The Valuer confirms having no present or prospective pecuniary or other conflict of interest laid upon neither the Subject Properties nor the reported values which would affect its ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Valuation Objects. The Valuer asserts that the statement in this report, which forms the basis of analysis, opinion and conclusion of this valuation, is correct and accurate.

Jakarta, 30 November 2020

KJPP Willson dan Rekan
in association with Knight Frank



Wisnu Wardhana
B. Bus, M.Sc. MAPPI (Cert.)
Partner

Licensed Public Valuer No.: P-1.09.00205 (Property Valuation)
OJK Registration No. STTD.PP-129/PM.223/2019
MAPPI Membership No.: 02-S-01533

INDEPENDENT MARKET RESEARCH REPORT

F R O S T  S U L L I V A N

**Independent Market Research on the
Private Healthcare Sector in Indonesia with a focus on
Siloam Group of Hospitals**

Final Report

25th November 2020

F R O S T  S U L L I V A N

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The market research process for this study has been undertaken through secondary/desktop research as well as focused primary research. Quantitative information was sourced from secondary research from sources including but not limited to press releases, journals, Government publications, company presentations and other information in the public domain since we also track the healthcare industry.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

This study has been prepared for inclusion in the Circular to Unitholders ("**the Circular**") as prepared by First REIT Management Limited ("**the Company**") in relation to the Master Lease Restructuring. This study is for the use and benefit of Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust) and FIRST REIT Management Limited

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Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of private hospitals industry in Indonesia with a more focused research on Siloam Hospitals from an outside-in perspective largely relying on publicly available information on the impact and key challenges faced in the wake of Co-VID within the limitations of, among others, secondary statistics and primary research. Due to the limitations surrounding travel, there were no site visits conducted for the purpose of this research report. Therefore, it does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry unless otherwise specified. Frost & Sullivan shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in it or otherwise.

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1 GLOSSARY

GDP	Gross Domestic Product
IMF	International Monetary Fund
WEO	World Economic Outlook
IDR	Indonesian Rupiah
Y-O-Y	Year-on-Year
FY	Financial Year
BPS	Statistics Indonesia
DKI	Daerah Khusus Ibukota
CAGR	Compound Annual Growth Rate
SEA	South East Asia
PSBB	Pembatasan Sosial Berskala Besar (Large Scale Social Restrictions)
HCS	Healthcare Services
ARSSI	Asosiasi Rumah Sakit Swasta Indonesia (Private Hospital Association, Indonesia)
APD	Airflow Perturbation Device
PT	Limited Liability Company
JKN-KIS	National Health Insurance and Indonesian Health Cards Program
ICU	Intensive Care Units
PPE	Personal Protective Equipment
NGOR	Net Gross Operating Revenue
OOP	Out of Pocket
PUPR	Ministry of Public works and Public Housing
KSPN	Kawasan Strategis Pariwisata Nasional (High Priority National Tourism Strategic Areas)
Menparekraf	Ministry of Tourism and Creative Economy
Disperinaker	The Office of Industry and Manpower
TK	Kindergarten
SD	Elementary School
SMP	Junior High School
PAD	Regional Original Revenues
Pemprov DKI	Provincial Government
PPSU	Public Infrastructure and Facilities Handling
UPK	The Health Service Unit
YKI	Indonesian Cancer Foundation
GOI	Government of Indonesia
APBD	Regional Revenue and Expenditure Budget
MSME	Micro, Small and Medium Enterprises
Pemda	Manado City Government
IKM	Small and Medium Industry
PPP	Public Private Partnership
BKIPM	Fishing quality certification

BPJAMSOSTEK	Jakarta Cilandak Branch of the Social Security Administration for Employment
Disgulkarmat	Fire and Rescue Service
TIM	Taman Ismail Marzuki
JIS	Jakarta International Stadium
SPBKLU	Public Electric Vehicle Battery Exchange Stations
PKL	MSMEs and Street Vendors
FinBack 2020	Fintech Business Matchmaking
RIPP	Provincial Railway Master Project
Jatim	Economic Growth In East Java
PHK	Prevention of Termination of Employment
APPBI	East Java Indonesian Shopping Centre Management Association
DTKS	Integrated Social Welfare Data
PSN	National Strategic Projects
BP Jamsostek	Employment Social Security Administration
NTT	East Nusa Tenggara
CPI	Consumer Price Index
JPS	Social Safety Net
PEN	National Economic Recovery Program
ASITA	Association of The Indonesian Tours And Travel Agencies
SPJBTL	Power Purchase Agreement
PSBM	Pembatasan Sosial Berskala Mikro (Micro Scale Social Restrictions)

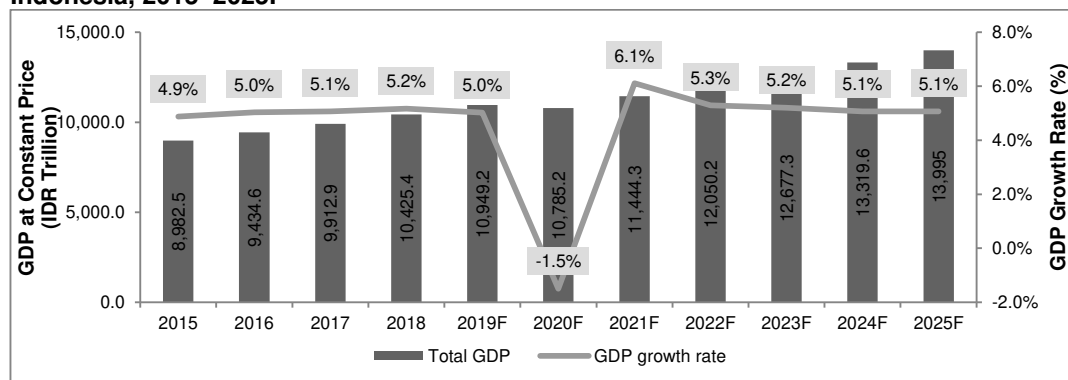
Siloam Hospitals Group (Hospitals Considered in this Report)

Flagship	Mature	Ramping Up	BPJS
Siloam Hospital Lippo Village (SHLV)	Siloam Hospital Surabaya (SHS)	Siloam Hospital Labuan Bajo (SHLB)	Siloam Hospital Purwakarta (SHPW)
Siloam Hospital Kebon Jeruk (SHKJ)	Siloam Hospital Manado (SHMD)	Siloam Hospital Buton (SHBN)	Siloam Hospital Kupang (SHKP)
Mochtar Riady Comprehensive Cancer Centre (MRCCC)	Siloam Hospital Makassar (SHMK)	Siloam Hospital Yogyakarta (SHYG)	
	Siloam Hospital Denpasar (SHBL)		
	Siloam Hospital TB Simatupang (SHTS)		
	Siloam Hospital Sriwijaya – Palembang (SS)		

2 MACROECONOMIC OVERVIEW OF INDONESIA

2.1 GDP AND GDP GROWTH

Chart 2-1: Gross Domestic Product (“GDP”) at Constant Price and GDP Growth Rate, Indonesia, 2015–2025F



Source: International Monetary Fund (“IMF”) World Economic Outlook (“WEO”), October 2020

From 2015 to 2019, Indonesia generated a steady yearly real GDP growth range bound between 4.9% and 5.2%. When compared with that of 2014, the y-o-y GDP growth rate slowed down in 2015 as a result of various factors, including oil price decline, weaker consumer spending, and external challenges such as the forest fires of 2015, costing the country Indonesian Rupiah (“IDR”) 221 trillion in reconstruction efforts – almost double the amount spent in the aftermath of the 2004 Aceh tsunami¹.

Indonesia’s 2020 GDP is projected to contract by 1.5% due to the ongoing pandemic, but the IMF expects the global economy to rebound and grow by 5.2% in 2021, while in the same year (2021) Indonesia’s economy is expected to expand by 6.1%. For 2020, the IMF’s projection is largely in line with the government’s estimate for a full-year contraction of 0.6% to 1.7% made in late September, down from GDP growth of 5.02% in 2019.²

However, in 2Q2020, the Indonesian economy experienced a deeper contraction of 5.32% y-o-y; a contraction that was deeper than the initial IMF projection of 0.3% in June 2020. This was largely on account of contraction in the transportation and logistics sectors that witnessed a slow down to the tune of approximately 30.84% during the same period. Other sectors contributing to the decline was export and import of product and services that experienced a contraction of 11.66% and 16.96% respectively³.

Additionally, on 5th November 2020, Statistics Indonesia (“BPS”) has announced that Indonesia GDP in 3Q2020 experienced a contraction of 3.49% year-on-year (“y-o-y”). This was the second contraction after the previous quarter’s economic output registered a decline of 5.32% (y-o-y). Against this backdrop, Indonesia is officially in a recession for the first time since 1999⁴.

The IMF projects the Indonesian economy to grow at an average yearly real GDP growth rate of 5.0% or more from 2022 to 2025, driven by the country’s focus on infrastructure development, steady consumption, and investment growth. The Government’s recent decision to move the capital city from Jakarta to the Island of Borneo could help to reduce the income disparity and address infrastructure gaps on the island⁵.

¹ World Bank: Indonesia Economic Quarterly, December 2015

² Indonesia’s GDP to decline more than thought as virus keeps spreading, October 2020

³ Ekonomi Indonesia Triwulan II 2020 Turun 5,32 Persen, BPS Kuartal 2, 2020

⁴ Ekonomi Indonesia Triwulan III 2020 Tumbuh 5,05 Persen (q-to-q), BPS Kuartal 3, 2020

⁵ The Conversation, “Assessing Jokowi’s \$33-billion project to move Indonesia’s capital for the country’s economic development”, 30 August 2019

In 2Q 2020, two major provinces namely Daerah Khusus Ibukota (“**DKI**”) Jakarta and East Java recorded GDP of IDR1,379.76 trillion and IDR 551.31 trillion respectively, contributing to around 30% of the total real GDP in Indonesia.

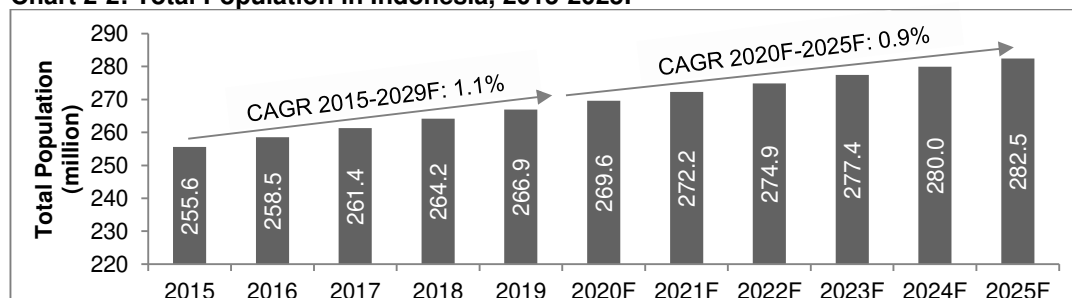
In 2019, the healthcare sector contributed to less than 2% of the total GDP at IDR 174.8 trillion, growing at a compound annual growth rate (“**CAGR**”) of 9% between 2015 and 2019⁶. The country’s healthcare sector is forecast to grow against the backdrop of a number of decisive steps taken by the Indonesian government in its efforts to bring the COVID outbreak under control. Such efforts include expanding healthcare facilities, lifting duties and import taxes on many medical items to increase domestic stocks, and allowing the commercial imports of medical supplies previously limited only to government institutions and public service agencies.

2.2 POPULATION AND SOCIO-ECONOMIC INDICATORS

Population and growth trends

Indonesia is the most populous country in south-east Asia (“**SEA**”) and the fourth most populous nation globally⁷. The country’s population recorded a CAGR of 1.1% from 255.6 million in 2015 to 269.6 million in 2020. The IMF forecasts a population growth rate range bound between 0.9% and 1% y-o-y to reach 282.5 million by 2025. Based on BPS data in 2019, Java Island is the most populous island in Indonesia, with a total population of 149 million people. With total area of 128,297 km², the Java Island Population density reached 1,184 people per square kilometer.

Chart 2-2: Total Population in Indonesia, 2015-2025F



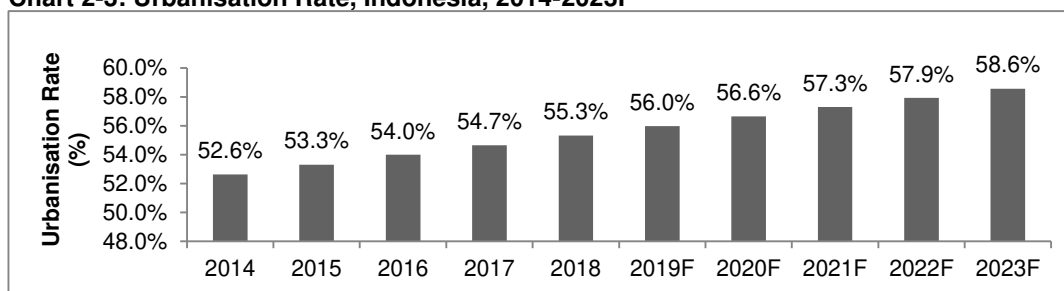
Source: IMF WEO, October 2020

Urbanisation

Indonesia is undergoing a transformation from a rural to an urban economy, driven by increasing rural-urban migration. The urban population made up more than half of Indonesia’s total population at 52.6% in 2014; subsequently growing to 55.3% in 2018 and forecast to reach 58.6% by 2023⁸.

⁶ Economic Growth of Indonesia Second Quarter 2020, BPS

⁷ United Nations (UN): World Population Prospects 2019

Chart 2-3: Urbanisation Rate, Indonesia, 2014-2023F


Source: United Nations, World Urbanization Prospects: The 2018 Revision

2.3 IMPACT OF COVID ON INDONESIA'S ECONOMY

2.3.1 Household Consumption

A dip in GDP and disposable income per capita, resulted in a reduction of household consumption from 3.2% in 2019 to nearly 1.6% in 2020.⁹ As households get increasingly cautious on spending due to job losses and fearful due to unavailability of a vaccine in the near future, this trend is further expected to continue until the economy witnesses a rebound.

Although, the enforcement of social restriction by the Government (PSBB) has resulted in significant losses to various sectors, the government had also instituted a COVID stimulus package for Social Protection Program budgeted for IDR 203.90 trillion.

2.3.2 INDONESIA'S COVID STIMULUS PACKAGE

On 16th June 2020, Indonesian Government increased the state budget for handling of COVID and the National Economic Recovery Program (PEN-Pemulihan Ekonomi Nasional) through the official announcement of the largest economic stimulus package of IDR 695.20 trillion. This amount is significantly higher than the previous announcement, which was IDR 405.1 trillion.¹⁰

As of 4th November 2020, the budget has been utilized to the extent of IDR 386.01 trillion or 55.5% of the total allocated budget.¹¹ The following are some of the priority categories the national recovery budget is allocated to.

Chart 2-4: Stimulus Package for COVID, Indonesia, 2020

Categories	Budget Allocation	Budget Spend as of 4 th November 2020	Description
Social Protection Program	IDR 234.33 trillion	IDR 182.54 trillion	This stimulus package is allocated to the middle to lower class society through the aspiring family program, staple food cards (Kartu Sembako Murah), pre-employment cards (Kartu Pra-Kerja), and cash social assistance
Micro, Small, Medium Enterprise	IDR 114.81 trillion	IDR 95.62 trillion	This stimulus package is allocated for interest subsidies for microcredit, SME Financing, Guarantees, and placement of fund

⁹ Minister of Finance: Corona pandemic hits household consumption, Warta Ekonomi, 1st April 2020

¹⁰ The Government Increases the Stimulus Budget to IDR 695 trillion, Investor Daily, 17th June 2020.

¹¹ Govt spends 44% of recovery budget up to September, health spending lags, The Jakarta Post, 2nd October 2020

Categories	Budget Allocation	Budget Spend as of 4 th November 2020	Description
			in banks
Business or Taxation Incentives	IDR 120.61 trillion	IDR 38.64 trillion	This stimulus package is allocated through taxes borne by the government such as reduction in article 25 (PPh pasal 25, corporate income tax), exemption from income tax Article 21 (PPh pasal 21 employee income tax), Article 22 (PPh 22, on imports tax), and preliminary VAT (PPn) refunds
Ministries & Regional Government	IDR 65.97 trillion	IDR 32.92 trillion	This stimulus package is allocated to boost tourism sector, food security and fisheries, industrial estates, ICT development, Central Government loan to regional governments, and anticipating economic recovery
Healthcare	IDR 97.26 trillion	IDR 34.29 trillion	This stimulus package is allocated for the procurement of vaccines, health facilities and infrastructure, laboratories, research and development, and premium assistance of government healthcare program (run by BPJS) for non-salaried employees.
State Owned Enterprise ("SOE") & Corporation	IDR 62.22 trillion	IDR 2.001 trillion	This stimulus package is meant to help the SOEs and Corporations owned by the Government, by disbursing the budget for State Capital Participation, payment of compensation, and bailout funds for working capital. Additionally, the Government is also likely to postpone the dividend payments. The Enterprise and Corporation include in this stimulus package category are those who are engage with Food, Transportation, Finance, Manufacturing, Tourism, and Energy Sectors.

Source: Committee for handling COVID-19 and National Economic Recovery¹²

¹² First Week of Quarter IV / 2020, Realization of PEN Program Increases Rp. 13.5 Trillion, Committee for handling COVID-19 and National Economic Recovery, dated 4th November 2020

2.4 ECONOMIC OUTLOOK

As the largest economy in SEA, Indonesia's economy registered a CAGR of approximately 5.0% over the 2014 to 2019 period. Indonesia's economy is forecast to increase to approximately 5% CAGR from 2022 to 2025, owing to accelerated economic activities supported by infrastructure development, stable political and economic policies, and positive labour market conditions, among others. However, according to the Finance Minister Sri Mulyani Indrawati, "Due to the ongoing pandemic situation, Indonesia's economic recovery in 2021 may not be at "full power", with the COVID pandemic expected to continue to dampen domestic consumption and investment." Indonesia entered into recession, although the economy registered a 5.05% quarter over quarter growth in the third quarter of 2020. However, economic activities did not reach pre-COVID levels as the continued increase in COVID cases hampered recovery. The government's fiscal stimulus, coupled with its emphasis on economic recovery aided through structural reforms, to attract investments is likely to serve as accelerators to propel the economy on a recovery trajectory in 2021.

3 OVERVIEW OF PRIVATE HEALTHCARE SERVICE (HCS) MARKET IN INDONESIA

3.1 KEY TRENDS IN THE PRIVATE HEALTHCARE SERVICE MARKET IN INDONESIA

3.1.1 Rising Adoption of Technology Enabled Healthcare Services in Indonesia

Indonesia has only 0.4 doctors per 1000 patients¹³ in a land area spanning 17,000 islands. Telemedicine makes healthcare accessible to the further regions and decreases pressure on the existing healthcare infrastructure. With the novel COVID, this has helped accelerate the growth of the digital healthcare sector in Indonesia and it is believed to be the "new normal" post the pandemic. There are many local healthcare apps such as Alodokter with over 30 million active users since March 2020. Halodoc and Gojek have partnered with the Ministry of Health to provide COVID diagnostics in remote areas. The government is nurturing a more technology-driven healthcare environment and will depend on government policy for digital innovators. The government is moving in a positive direction by passing regulations to enable digital prescriptions from tele-consultations. The Indonesian government has also pursued to improve connectivity in rural areas, which aims to provide 4G internet services across the country. The Palapa Ring Project, stretching from the westernmost city in Indonesia (Sabang) to the easternmost town (Merauke), cost USD\$ 1.5 billion and offers 35,000km of undersea fiber-optic cables allowing the these cities to attain network connectivity speeds of up to 100 Gbps. This is likely to allow telemedicine to be the new norm allowing such rural areas to get access to digital prescription and tele-consultations with doctors ranging from public to private hospitals.

3.1.2 Rise of Private Hospitals in Tier Two & Three Cities

A large number of Tier Two and Tier Three cities¹⁴ have been experiencing a stagnant demand in healthcare services. Private brand hospitals are targeting urban areas in Java and Sumatra to provide more advanced healthcare facilities. The Indonesian healthcare sector has been an attractive industry and the demand for healthcare has been high due to the government's initiative with respect to the universal insurance BPJS Kesehatan. It ensures contracts with private providers to offer high-quality services that are effective and efficient. Regions in Java and Sumatra are still considered to be a high potential market by private providers than the untapped opportunities in rural areas and eastern Indonesia. Java is still regarded to have significant growth potential as it has double the number of BPJS Kesehatan holders.

¹³ Ratio of Indonesian Doctors Second Lowest in Southeast Asia, Katada 2nd April 2020

¹⁴ Tier Two cities are defined as having a population between 500,000 to 1 million. Tier Three cities are those whose population is range bound between 100,000 to 500,000. Tier One cities are those that have a population greater than 1 million

3.1.3 Patients Prefer Getting Medical Services From Outside of Indonesia

The Indonesian government is trying to improve the country's healthcare infrastructure in hopes of encouraging local patients to seek medical treatment domestically. An estimate of 1.2 million Indonesians spend over USD\$ 2 billion annually on overseas healthcare in neighbouring countries such as Singapore and Malaysia. Many patients in Indonesia feel that there is a lack of quality services and state of the art medical technology across the hospitals in Indonesia. Indonesia has a total of 2,925 hospitals providing just over 318,000 beds, which are only 1.17 beds per thousand populations¹⁵. This is considered to be the lowest in the ASEAN.

Receiving top-notch medical treatment in Indonesia is rather complicated, even though the BPJS Kesehatan, accessible to over 80% of the country's vast population, covers a range of diseases/conditions from physiotherapy to cancer treatments. Although, there are many private hospitals that are considered to be competitive with the best technologies, they pale in comparison to medical care in Malaysia or Singapore. Many patients have complained the long waits culminating in a brief consult with physicians and specialists. In addition to that, in Indonesia, there have been many complaints about the doctors conducting erroneous tests and malpractices, thus locals have lack of confidence in the local physicians and hospitals in the country.

3.2 IMPACT OF COVID ON THE PRIVATE HEALTHCARE SECTOR

3.2.1 Medical Tourism in the Wake of COVID

In 2018, Oliver Wyman estimated that Indonesia lost about USD 48 billion in annual revenue from outbound medical tourism, owing to a lack of trust in the local health system and infrastructure.¹⁶ This figure is extremely ironic given that the Indonesia Government subsidized healthcare program (BPJS Kesehatan) continues to run in deficit financing.

However, due to the COVID pandemic, Indonesia has a chance to empower its' local medical services to serve its own community. With travel restrictions in place, priority is around basic health and economic survival. Given that arranging travel is almost impossible and banned in most cases, non-emergency elective procedures are not prioritized and are mostly deferred. Agencies that provide medical evacuation services are in the same position as other travel agencies, which have been left with little choice as they continue to battle between stranded markets and closed healthcare destinations.

Indonesia has a sizeable healthcare market and as stated above, outbound medical tourism has resulted in a significant revenue loss. Government policy is likely to play an important role in providing a vibrant environment that is conducive to domestic medical tourism. Industry experts opine that the government is likely to promote Indonesia's medical services to retain its' own citizens from traveling abroad for outbound medical tourism, and to attract inbound medical travellers from overseas in the longer term.

3.2.2 Key Challenges Facing the Private Hospital groups

Hospital operations have faced a significant downturn due to a combination of factors – with one of the key reasons being the large influx of COVID affected patients and availability of limited facilities to treat these patients. Non-COVID hospitals are also witnessing a significant decrease in outpatients due to the PSBB imposed by the government as the outpatients delay consultations and prefer to either administer home remedies or to take the telemedicine route. As per the Private Hospital Association (“ARSSI”) in an article dated 18th May 2020, the number of outpatients decreased between 50%-60%, while inpatients witnessed a drop of up to

¹⁵ Indonesia's Healthcare Industry: Growing Opportunities for Foreign Investors, Asean Briefings July 30th 2020.

¹⁶ The Future of The Indonesian Healthcare Ecosystem, Oliver Wyman

60%. The COVID outbreak has not only affecting the referral hospital, but also the non-referral hospitals in Indonesia who reported a cash-flow drop range bound between 30% to 50%¹⁷¹⁸.

Such reductions have resulted in challenging hospital cash-flows rendering the unavailability COVID care devices such as Airflow Perturbation Device (APD), Ventilator, and advanced or other limited equipment and tools¹⁹.

In order to combat the crisis, many hospitals are initiating home-care, telemedicine (tele-consultation) to their non-COVID patients. Some of these hospitals have their on-leave medical personnel give treatment or consultation to non-COVID patients as one of their outreach measures.

Hospitals are allowed to seek reimbursement of COVID patients' treatment costs from the government. However, according to ARSSI, such reimbursements are plagued with lengthy verification processes, and long waiting times before the amount is reimbursed. According to recent data, out of the 201 hospitals that had submitted their claims to the government, only 174 of such claims have been processed and the payment received thus far is only 50% of the amount claimed²⁰. Although the reimbursements are disbursed more efficiently now, the relatively long wait times is likely to dissuade private hospitals from opening their doors to COVID care and treatment.

3.2.3 Regulations and Policies for Foreign Operators

The government has allowed foreign and ASEAN investors to have 67% and 70% ownership in private hospitals in Indonesia respectively. Hospitals established through foreign investments should belong to a privately owned hospital and must have a minimum of 200 beds. Following the Indonesian Regulation 3/2020 on the classification and licensing of hospitals, all hospitals that have foreign investments have to compulsorily go through the accreditation process. The process must be completed in two years to secure an operational license. Prior to entering the Indonesian healthcare market, international companies should establish a foreign invested company in the form of a "PT" (limited liability company) or appoint a trustworthy local distributor. Having a local distributor/agent is mandatory to serve the Indonesian market as they will be able to handle registration for products and play an important role in developing the market and providing after-sales services²¹. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, Frost & Sullivan is of the opinion that changing hospital operators can be time consuming and cumbersome.

On 5 October, the Parliament approved the job creation law (RUU Cipta Kerja, commonly known as the "Omnibus Law"). The Omnibus Law is expected to take effect within 30 days, upon signing by the President. The "Omnibus Law" is likely to bring about changes to the Hospital Law across areas of classification of hospitals, sanctions, hospital accreditation and supervision and the introduction of the 'Business License Term.' However, greater clarity is awaited on the specifics of this law as there are nation-wide protests against the implementation of this law²².

3.2.4 Outpatient Volumes in the wake of COVID

The average outpatient typically pays IDR 317,000 for public health centers, IDR 868,000 for government hospitals and approximately IDR 1,703,000 for treatment in private hospitals.²³ Due to the novel COVID pandemic, outpatient volumes in Indonesia have relatively decreased

¹⁷ Pandemic Covid-19 Impacted the Hospital Cashflow, Universitas Gadjah Mada, 26th June 2020.

¹⁸ Referral hospitals are hospitals that have been appointed by the regional or provincial governments for having the capacity, safety and quality of care to handle Covid-19 cases

¹⁹ Private Hospital Cash-flow Messy due to Pandemic, CNBC Indonesia, 18th May 2020

²⁰ Arus Kas RS Swasta Berantakan Gegara Pandemi Covid-19, May 2020

²¹ Indonesia's Healthcare Industry: Growing Opportunities for Foreign Investors, Asean Briefing 30th July 2020.

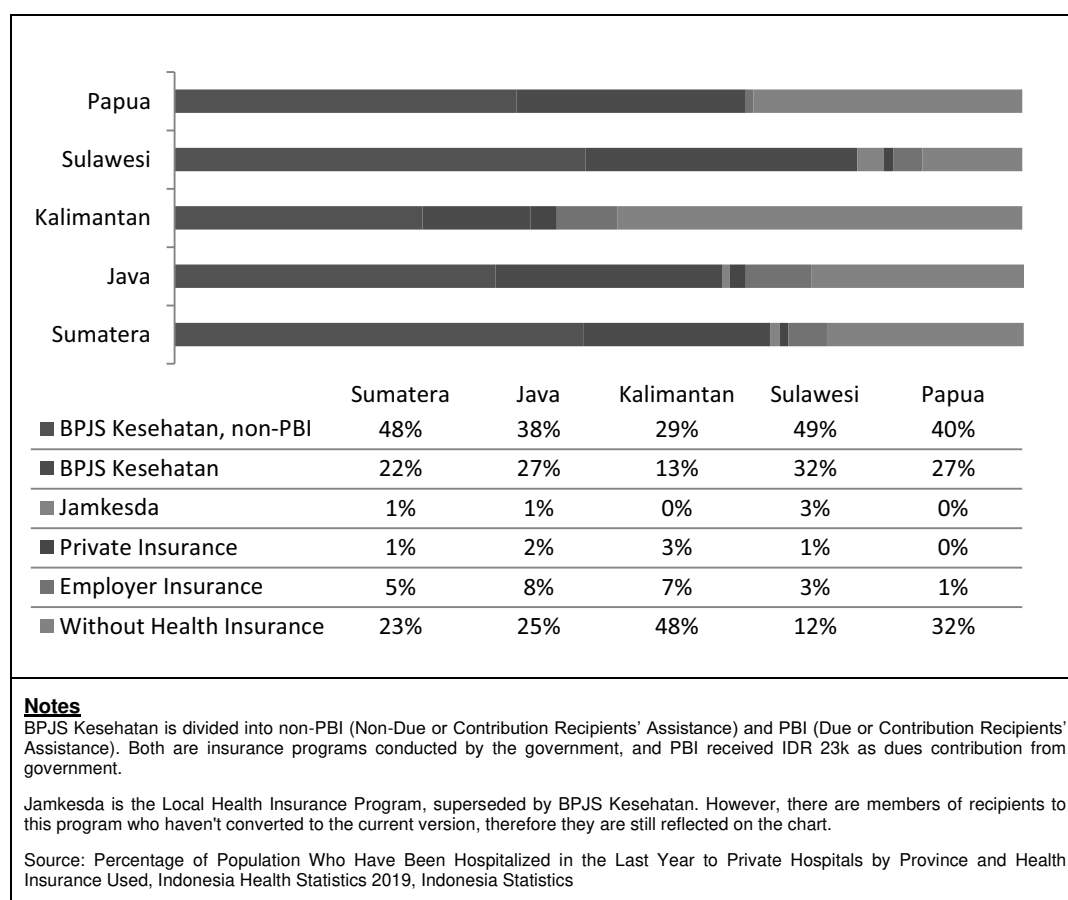
²² Indonesia: Omnibus Law – Impacts on Healthcare Life Science Regulations, Backer Mackenzie 16th October 2020.

²³ Indonesia Health Statistics 2019, Indonesia Statistic

compared to the previous years. The main reason for a significant reduction in outpatient volumes is due to the fact that many individuals are apprehensive of visiting the hospitals due to fear of contracting the virus at the hospital premises. Even if a patient would like to seek medical guidance from their doctors, they have preferred to stay indoors because of the requirement to take a COVID PCR test prior to visiting the doctor at some hospitals, which is a significant drain on their resources. Many individuals now prefer using telemedicine apps such as AloDokter or HaloDoc for minor or first stage “check-ups” with a view to avoid taking the PCR test and thereby avoid going to the hospital. Additionally, patients in the rural areas find access to a good hospital very difficult in comparison to those in Tier One cities. This trend of reduced outpatients is likely to continue into 2021 as patients and providers increasingly move towards telemedicine to cater to the primary healthcare needs.

3.2.5 Government’s Support for Private Hospitals

Chart 3-1: Percentage of Population Who Have Been Hospitalized in the Last Year to Private Hospitals by Province and Health Insurance Used, 2019



Source: BPJS

Based on the data captured above, the majority number of inpatients who were hospitalized in private hospitals in 5 different regions in Indonesia was covered by the BPJS Kesehatan.

In the most populous regions such as Sumatra and Java, the number of BPJS Kesehatan beneficiaries were more than 60%, as against less than one fourths that were covered by their own expenses. This percentage shows that a significant proportion of a private hospital's income is derived from the government health subsidies National Health Insurance and Indonesian Health Cards (JKN-KIS) program.

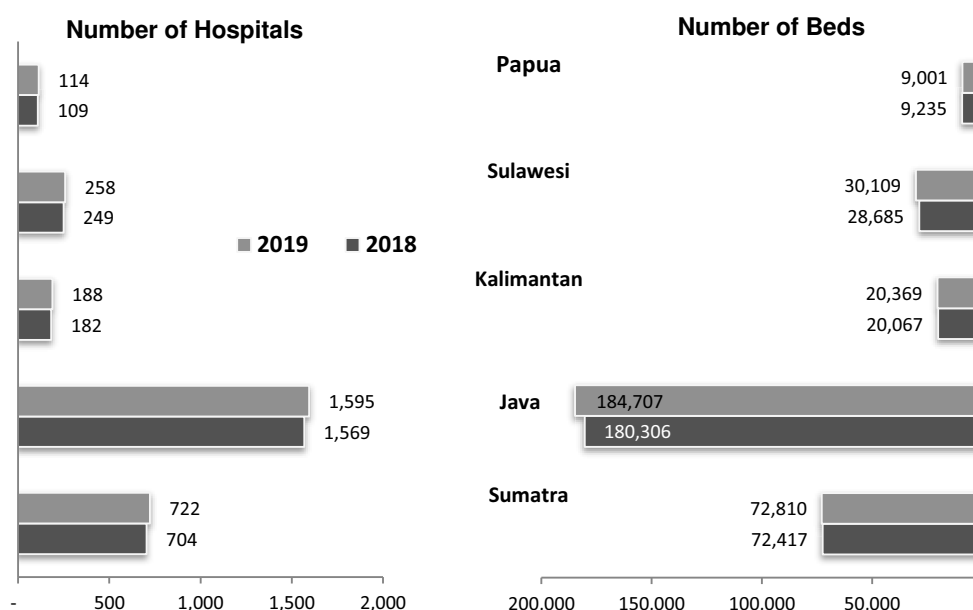
3.2.6 Impact of Delay in Elective Surgeries on Revenues

Delays in surgeries have a strong impact on patient health outcomes, hospital finances and resources, as well as training and research programs. Many hospitals in Indonesia are at the frontline of the pandemic crisis and have shifted most of their resources to handle the coronavirus cases. In Indonesia, the COVID cases have spiked over the August to September period. As at 13 November 2020, the daily rate of infection is at an all-time high of 5,444 new cases, with the national COVID task force announcing 104 new deaths on the same day, bringing the tally to 15,036 fatalities in Indonesia, while 385,094 COVID patients had recovered, leaving 57,604 active cases nationwide²⁴.

Delays in the diagnostic evaluation of patients are also likely to contribute to the backlog of elective surgeries. Many diagnostic procedures, including colonoscopies, mammograms, and biopsies, are on hold during the pandemic. There are many patients who are being treated in hospitals with other diseases, such as heart disease or cancer and have a high risk of contracting the coronavirus and experience fatal complications when exposed to COVID. In addition, it should also be considered that patients who undergo a recovery period after surgery are at high risk of being infected with the coronavirus while they are being treated in hospital and can experience dangerous complications from this viral infection. The two key reasons for delaying surgeries are to limit the spread of the coronavirus in hospitals and to focus on medical personnel, health facilities, and medical equipment including beds and intensive care units (ICU), breathing aids, and personal protective equipment (PPE), on handling the number of coronavirus infections. Such delays in elective surgeries are in turn likely to cause significant backlogs in hospitals, thus, having impacts on the yearly revenues of the hospital²⁵.

3.2.7 Shortages of Beds Needed to Treat COVID Patients

Chart 3-2: Number of Hospitals and Beds in 2018-2019



Source: Indonesia Healthcare Profile 2019, Ministry of Health

²⁴ Indonesia sets bleak daily record with 5,444 new cases, The Jakarta Post, 13 November 2020

²⁵ Points to Pay Attention to When Planning Operations During the COVID-19 Pandemic,, Alodokter, March 2020

The total number of hospitals in Indonesia increased by 64 in 2019 to 2,877 hospitals. The total number of beds has also consequently increased to 316,996 with the vast majority of these beds located in the Java islands (44,069 in East Java, 43,042 in West Java, 40,921 in Central Java and 23,664 in the DKI Jakarta province).

In response to the on-going COVID pandemic, the Indonesian Government set up a COVID task force to monitor healthcare delivery across the country. As per the press release from the Health Ministry dated 12th October 2020, there are a total of 903 referral hospitals with over 35,271 beds dedicated for COVID treatment.²⁶ These include government hospitals (including local / provincial government), private hospitals and military hospitals.

In the capital city DKI Jakarta, there are a total of 4,824 isolation beds for COVID treatment across referral hospitals run by the provincial government. The occupancy rate for these hospital beds is approximately 78%. Additionally, the provincial government has created capacity of 725 ICU beds for COVID related treatment and the current occupancy rate for the ICU beds is approximately 72%. The provincial government has also partnered with various Graha's or Guest Houses and hotel's to operate as isolation facilities. Around 166 bedrooms from guesthouses in Jakarta Islamic Center, TMII, Wisata Ragunan, and additionally 352 bedrooms from 2 hotels in West and North Jakarta have been identified for this purpose. The provincial government is also coming out with a set of regulations related to transitioning of COVID positive patients who are currently under self-isolation or in containment zones to these hospital facilities.^{27, 28, 29, 30, 31}

3.3 OUTLOOK FOR PRIVATE HEALTHCARE SERVICES ("HCS") MARKET IN INDONESIA

Indonesia has been striving to contain the dual impact caused by COVID on public health as well as its economy. Amidst rapidly weakening of Rupiah against US dollar, the country has been among the worst-hit in South-East Asia. In addition to its existing challenges around providing equitable access to healthcare, hospitals in few provinces are expected to be inundated with critical COVID cases. Provinces such as DKI Jakarta, West Java, East Java, Banten, Central Java and South Sulawesi have been bearing the brunt of the highest number of COVID cases.

The Indonesian government has taken a number of decisive steps in its efforts to bring the COVID outbreak under control, including but not limited to expanding health care facilities, lifting duties and import taxes on many medical items to increase domestic stocks, and allowing the commercial imports of medical supplies previously limited only to government institutions and public service agencies.

Due to the on-going pandemic, the country is also facing shortage of beds with some leading to overcrowding. According to WHO, "Isolation beds are now at 70 per cent capacity in the country, raising concerns about the healthcare system's capacity to cope with the increasing number of new cases every week."

The performance of the hospital sector is expected to remain challenged in the fourth quarter of 2020 and in 2021 as infection and death rates arising as a result of the COVID pandemic continue to remain elevated. As at 13 November 2020, the daily rate of infection is at an all-time high of 5,444 new cases, with the national COVID task force announcing 104 new deaths on the same day, bringing the tally to 15,036 fatalities in Indonesia, while 385,094 COVID patients had recovered, leaving 57,604 active cases nationwide.

²⁶ Covid-19 Isolation Facility in all provinces still adequate, Ministry of Health Republic of Indonesia, 12 October 2020.

²⁷ The Indonesian Government has prepared 10 thousand beds in 1,000 hospitals for COVID-19 patients, Satgas Covid-19, 27th April 2020.

²⁸ There are 903 Covid-19 Referral Hospitals in Indonesia with 35,271 beds, Liputan 6, 13th October 2020.

²⁹ Remaining beds for Covid-19 in Jakarta is 22%, Media Indonesia, 30th September 2020.

³⁰ Remaining Isolation Beds Capacity for Covid-19 in Jakarta is 23%, Kompas, 9th September 2020.

³¹ Remaining beds for Covid-19 in Jakarta is 22%, Media Indonesia, 30th September 2020.

Frost & Sullivan is of the opinion that another significant challenge facing the private hospital sector is the recruiting of doctors coupled with choosing the right location for hospitals. With over-crowding in Tier One cities, Tier Two cities are likely to be more promising owing to a lower bed occupancy signalling potential for growth. Lower costs in Tier Two cities are likely to result in better profits in these locations as against Tier One cities. Hospitals that have branches in Tier Two and Tier Three cities are likely to be more sought after as patients increasingly endeavour to seek treatment closer to home thereby avoiding travel amidst this pandemic.

Apart from fixed assets constraints, such as number of beds, supply and equipment shortages, there is a real risk for declining capacity due to workforce constraints. Furthermore, specific operational measures, protocols, and precautions in caring for COVID patients could lead to less-efficient healthcare delivery. For example, recovered COVID patients might spend several days in inpatient facilities and critical care beds awaiting test results before they are discharged, further decreasing capacity. As a result of abovementioned factors, the supply side of healthcare services (eg. limited number of inpatient facilities or isolation wards) which may in fact be curtailed despite efforts across the nation to bring additional reserve.

Telemedicine is increasingly emerging as one of the most important tools in Indonesia's fight against COVID. Although telemedicine had already taken root in Indonesia prior to COVID, the pandemic outbreak has been a key catalyst accelerating its adoption by both patients and doctors. Private hospitals are increasingly embracing telemedicine as a mode to healthcare delivery especially in the primary healthcare. Large hospital groups such as the Siloam Hospitals Group ("**Siloam Hospitals**") launched telemedicine in June, 2020 with a view to reaching out to a larger pool of patients. Frost & Sullivan is of the opinion that telemedicine is likely to be a key healthcare delivery route for primary healthcare in the near future.

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4 SILOAM HOSPITALS PROFILING

4.1 OVERVIEW OF SILOAM HOSPITALS AND INDIVIDUAL PROFILE WRITE-UPS

Siloam Hospitals is a chain of healthcare facilities in Indonesia. It is a listed hospital under the Lippo Group of companies. The group currently has 39 hospitals across 25 cities in the country. For the purposes of this management assessment we will be highlighting 14 assets under First REIT Management. The segments of the assets follow the classification according to the Siloam Hospital reporting terms in their Q3 2020 corporate presentation.

- Flagship: Well established hospitals with high revenue and profitability
- Mature: Profitable with high potential for further capacity growth
- Ramping Up: Hospitals opened in the last 2-4 years
- BPJS: More than 60% of revenue is derived from BPJS Kesehatan patients
- Distinct: Operates in distinct niche markets with high profitability profiles.

Pre-COVID, in 2019, the Siloam Hospitals was on a steady growth trajectory for 2020. Due to the effects of COVID, the hospital has had a y-o-y 48% reduction in occupancy as of Q3 2020, a significant reduction in volumes compared to a pre-COVID timeline. Their group Net Gross Operating Revenue (NGOR) has reduced by 0.6%, or IDR 10 billion. Due to several movement restrictions on the ground as well as patients choosing to postpone elective procedures, a reduction in medical check-ups or not visiting hospitals on account of health security in the pandemic, the inpatient and outpatient volumes declined by 39% and 28% respectively. One of the reasons for the muted performance of Siloam could be attributable to reservation of segregated space at certain hospitals for the treatment of COVID cases which have in-turn significantly limited the capacity of hospitals to treat non-COVID cases. In the short term, Siloam and other hospital operators have experienced, and are likely to experience in varying degrees patients opting to defer elective medical procedures such as cosmetic surgeries, non-urgent cancer-related surgeries as well as sports-related and other non-essential surgeries such as knee-cap surgeries due to concerns about hospital visits and stays amid the COVID pandemic.

On an overall level, payor groups of the hospital are segmented by Out of Pocket (OOP), corporate insurance and BPJS health insurance. The y-o-y revenue contribution as of Q3 2020 of these segments have declined by 8% and 9% for the OOP group and for the corporate insurance group respectively, but have increased by 31% for the BPJS group. This could be due to an increase in BPJS Kesehatan patients during the pandemic, who are using services at Siloam Hospital, especially in relation to COVID testing.

In comparison to the SARS pandemic, the effects of COVID have drastically impacted governments, businesses, and society. Following the recovery trend post-SARS, the normalization to baseline post COVID may not happen at least until 2022. This recovery will also be dependent on vaccine effectiveness and the availability of the vaccine to the whole of Indonesia. Recovery is further contingent patients' confidence in the clean and safety practices of the hospital in order to return for elective procedures as well as medical check-ups.

A number of hospitals under the 'ramping up' segment did see an increase in patients during the pandemic; this segment grew by 145% NGOR in Q3 2020 y-o-y. This could be attributed to public awareness on the need for COVID testing as well as efforts made by the hospital to assure the public that they have strict health protocols under their 'Clean and Clear' guidelines across all hospitals in the group.

Siloam Hospitals has several strategies for its business growth, one of which is dedicated solely to the post-COVID recovery of the business. Three of these objectives are to firstly, assure the public of its strict guidelines and protocols around the health and safety of patients and visitors, secondly, to provide increasing capacity for COVID testing in all of its hospitals and lastly, Siloam Hospitals has increased its digital strength to provide tele-medicine infrastructure for its hospitals as of June 2020.

In terms of number of hospitals, Siloam Hospitals Group is the largest among publicly listed private hospitals in Indonesia with 39 hospitals as at 3Q 2020³².

This section contains individual profile write ups for each of the Siloam hospitals operated by First REIT in Indonesia. The information contained within this document is from both secondary sources such as press releases, journals and annual reports, as well as primary interviews with the management representative of Siloam Hospitals.

4.1.1 Siloam Hospitals Labuan Bajo

Location trends

Siloam Hospitals Labuan Bajo ("**SHLB**") is located in the Komodo sub district, West Manggarai, Nusa Tenggara. The Indonesian government had plans to focus its attention on Labuan Bajo, as one of the top 5 premium tourism destinations in Indonesia.

With developments in place for Labuan Bajo to be a premium destination since 2018, the target was to attract a minimum of 500,000 tourists for Labuan Bajo in 2020. In 2018, total tourists were 163,054, in 2019 there were 184,208 tourists, registering a y-o-y growth of 13%. However, currently, Labuan Bajo is under a COVID red zone making the 500,000 tourists mark a distant dream. Due to the pandemic, international tourists to Labuan Bajo have decreased by almost 50% y-o-y³³.

Other than agriculture and other allied sectors, the economy in Labuan Bajo is largely boosted by tourism. Therefore, supporting industries such as transportation, hospitality, retail, banking and finance, food & beverage (F&B), have all been impacted negatively in 2020. Due to the large drop in tourists, more than 4,500³⁴ people have lost their jobs in multiple industries and the economy has slowed down greatly.

Government Support

In October 2020, President Jokowi reiterated plans to make Labuan Bajo a premium tourism destination. Accordingly, infrastructure and supporting facilities have been planned, some partially built, to support this vision. Additionally, Labuan Bajo will be part of the National Tourism Strategic Area, or KSPN.

Three ministries have provided notable support to the area. One of the projects is by the Ministry of Public works and Public Housing (PUPR), which allocated IDR 1.3 trillion³⁵ for infrastructure development in the 5 priority strategic areas for national tourism (KSPN)³⁶. This development project includes water resources, road construction, bridges, accommodation and housing.

The Central Government has also given assistance to various hospitals including Siloam Hospitals Labuan Bajo by way of providing Personal Protective Equipment (PPE).

Due to the ongoing COVID pandemic, the government is also looking to promote sustainable tourism that promotes the health and safety of tourists, and is focused on creating more programs that will boost domestic tourism. Minister Wishnutama Kusubandio of the Ministry of Tourism and Creative Economy (Menparekraf) has invited tourism ministers of G20 member countries to continue working together to jointly prepare for new standards in responding to the pandemic and global changes in the tourism sector.

Future trends

There is a focus to develop the city further, into a premium tourist destination that will enhance the economy and availability of jobs for the residents of the region and Labuan Bajo. In 2023,

³² Siloam Press Release dated 27 October 2020, Siloam Hospitals Reports 9M2020 Revenues Decreased 4.1% to Rp5,001 billion as COVID-19 Continues to Impact Revenues and Earnings

³³ Tourists reduce travel to Labuan Bajo, Kompas, April 2020

³⁴ West Mangarai Covid statistics, June 2020

³⁵ Government allocates Rp1.3trillion for Labuan Bajo development, Antara News, April 2020

³⁶ Labuan Bajo part of the Super High Priority Developments, KSPN, Kompas, September 2020

the G20 and 37th ASEAN Summit is likely to be held in Labuan Bajo due to which infrastructure and connectivity is likely to be further enhanced by the government. Initiatives like this are expected to help the employment levels and incoming international and domestic tourism. Consequently, it is also likely to bring in more traffic to the area and potentially, more patients for SHLB.

The provincial government is also planning to oversee the development of the Tana Naga Mori Tourism Special Economic Zone to create opportunities and employment for the locals in the MICE industry. This is for summits to take place, by building 5-star hotels and villas with a convention hall that has a capacity of nearly 2,000 people³⁷. The intention again is to bring traffic to this area and promote the economy and visibility of Labuan Bajo.

Siloam Group recent news and activity

Siloam Hospital Labuan Bajo has been appointed by the governor as a referral hospital so that the public hospital, RSUD Komodo, will not be overtaxed in serving the general public. SHLB is one of the 7 hospitals appointed as a referral hospital for emerging diseases, due to the pandemic.

Collaborations with clinics and insurance providers or online stores, such as Tokopedia, are channels for SHLB's rapid test services. For example, Jasa Raharja Insurance provides free rapid tests and medical treatment services in Labuan Bajo by collaborating with doctors and paramedics from SHLB³⁸.

Asset Performance

SHLB falls under the Region 3 cluster as per Siloam's reporting terms, together with other hospitals in the regions of East Java, Bali, West & East Nusa Tenggara and Timor. SHLB is a hospital within the 'ramping up' segment in Siloam Hospital's reporting terms.

The hospital in Labuan Bajo mainly caters to tourists and the BPJS Kesehatan market and currently has an admission of approximately 15%, which has been fluctuating between 15-20% since 2019.

Key Indicators

SHLB is classified as a 'ramping up' hospital. Within the 'ramping up' hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

Beds

The maximum bed capacity of SHLB was at 124 beds as of December 2019 and this reduced to 104 beds as of 3Q2020. Operational beds were a constant at 95³⁹.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHLB is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

Financial Performance

Although SHLB enjoyed the first mover advantage since it commenced operations in 2016, it has yet to establish itself profitably to become the referral point for other healthcare services providers. As of 3Q 2020, EBITDA and net income margins, albeit negative, have improved over the years. This has taken longer than a typical ramping-up hospital which normally requires 2-3 years to profitability. That being said, Frost & Sullivan is of the opinion that this could be due to a combination of the remote location of Labuan Bajo as well as the COVID situation in the country.

³⁷ Labuan Bajo builds 5 star facilities for G20, Kompas, February 2020

³⁸ Rapid testing with discounts in Labuan Bajo, Tribune News, October 2020

³⁹ Siloam 9M20 & 3Q20 Results Presentation Slides

.From a macro-economic perspective, the economy of Labuan Bajo is highly dependent on agriculture, forestry and fishing and its population has lower than national average healthcare spending. This is also reflected in terms of outpatient and inpatient traffic as patients prefer to visit clinics rather than paying a premium by going to a hospital.

However, improvements were seen across metrics. Referring to Siloam's 3Q 2020 presentation and previous IMR report, number of operational beds which were at around 20 beds in 2016 rose to 95 beds whilst at an overall "Ramping up" cluster level NOR per-bed was approximately IDR 85.3 million in 3Q 2020. Top-line revenue is still growing at a healthy pace despite a marginal dip in 2019. The drag is expected to linger in 2020 and 2021 due to the COVID pandemic.

Going forward, improving its existing services and implementing new services while continuing to build presence and establishing itself as nexus of referral will be a key lever of SHLB growth strategy. Demand for medical services attributable to the access to healthcare services that BPJS Kesehatan brought about played a key role to tap the lower income population and has become more relevant now in the midst of economic hardship that the pandemic has brought about. Frost & Sullivan is of the opinion that, other things remaining constant, and the economy staging a recovery, SHLB is expected to be EBITDA positive by 2021 – 2022.

SWOT analysis

Strengths - Advanced Technologies: SHLB has a ready telemedicine infrastructure which could be a potential avenue for growth as well as a competitive advantage as it is the only hospital with this level of tech infrastructure in NTT. - The asset is the only hospital with a hyperbaric oxygen chamber facility in the NTT region, creating a competitive advantage since the region is known for diving tourism.	Weakness - Human resource challenges: Shortage of skilled healthcare talent is a common challenge in this region and may impede their growth especially in this COVID period. - Remote Location: As Labuan Bajo is not central in its location, it may be difficult to retain specialist staff as well as drug supply to this asset may be slightly more costly.
Opportunities - Brand Name: With the Siloam brand name, the government may increasingly rely on them to handle emerging diseases in the future, becoming a Centre of Excellence for emerging diseases. - Government Support: Due to its strong ties with the government, SHLB is able to receive referrals for patients and initiatives due to COVID - Tana Naga Mori Tourism Special Economic Zone to create opportunities with additional traffic to Labuan Bajo. - There is strong government initiatives and support to develop this region into the next tourism hotspot - Global Events: The increase in commercial and public activity in gearing up for the G20 and 37th ASEAN Summit in 2023, may provide more traffic to SHLB.	Threats - Local Culture: The local community typically visits clinics for outpatient conditions; hence, SHLB could be the last resort for locals to seek treatment. - Industry dependencies: Key industry in Labuan Bajo is tourism and this is badly affected. That the industry will turnaround in 2021-2022 is only a prediction. - Demographic: Caters mainly to the BPJS Kesehatan market, where there may not be high margins or large out of pocket payor groups.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

According to Frost & Sullivan, the dynamics of travel have changed greatly due to the pandemic; therefore, it will take increased government support and tourism investments before the city returns to its' initial forecast of growth in the tourism sector. There is government

support on the national and provincial level, which may accelerate its growth, with infrastructure projects as well as the development of a special economic zone.

Multiple initiatives around tourism are being carried out by the national and provincial authorities. The G20 and 37th ASEAN Summit, taking place in 2023 in Labuan Bajo, could be a gauge on Labuan Bajo's comeback post COVID, with all the investments, infrastructure and connectivity projects that will be executed.

4.1.2 Siloam Hospitals Bali

Location trends

Siloam Hospitals Bali ("SHBL") is located in the district of Badung in Bali. Bali is the most popular tourism hotspot in Indonesia according to the Central Statistics Agency (BPS). Denpasar, Batam and Jakarta are among the top 10 cities in the world with the fastest growth in tourism, as per a study in 2019⁴⁰. In 2020, tourists to Bali has greatly declined due to the COVID pandemic.

At present, Bali is closed to foreign tourists until the end of 2020 and is instead dependant on local tourists. Denpasar has reported 2,966 COVID patients with 75 deaths as of October 2020. The total positive cases of COVID in the Badung Regency has reached 1,021⁴¹ cases. In Bali the PCR swab testing rate averages between 10%-20%⁴², which the World Health Organization categorizes as a high rate of viral activity with the optimal rate range bound between 3%-5%.

With foreign tourists in excess of 6 million, tourism contributed to approximately 80% of the province's economy in 2019. However, Bali's economy has contracted by 10.98% in 2020⁴³. Since the pandemic, the hospitality and F&B industry has been struggling, with many employees returning home to villages and smaller towns to earn an income. The Office of Industry and Manpower (Disperinaker) of Badung Regency, noted that 532 companies engaged in the tourism sector, such as hotels, villas and restaurants, have been shut since July 2020. This has affected thousands of employees and around 42,409⁴⁴ have been asked to go on a forced leave of absence and 1,551 individuals have lost their jobs.

In an attempt to ease public fears and boost tourism domestically, the Bali Hotel Association launched a social media strategy of a "60-day-holiday"⁴⁵ through a promotional video which advertised health authority links and information on travel restrictions, public health and safety measures.

A private financial services player, Mandiri Bank, has implemented cashless payment infrastructure, through QR payments, in Kuta that will reduce physical contact, and thereby prevent the spread of COVID.

Government Support

The government in Denpasar has closed certain public facilities where large gatherings occur to prevent clusters of infection. The district government also seeks to suppress further infections by increasing the number of health protocol inspections, through performing random rapid tests, ensuring social distancing, and enforcing the wearing of masks.

With tourism and its peripheral sectors taking a massive hit, the Badung mayor is giving employees who are on forced leave of absence or who have lost their jobs, an incentive of IDR 600,000 for 3 months⁴⁶, from October to December 2020.

The Bali Provincial Government Tourism Office issued 677 certificates⁴⁷ of the "New Era, New Life Order" protocol, or otherwise known as the "Cleanliness, Health, Safety and Environmental

⁴⁰ Denpasar, Jakarta and Batam highest growth in the world, Hilda B Alexander, September 2019

⁴¹ Covid Update for Bali, Tribun News, October 2020

⁴² Coronavirus Situation Update, World Health Organization, June 2020

⁴³ Govt Tightens Rules on Bali Visitors As Covid19 Cases Rise, The Jakarta Post, September 2020

⁴⁴ Businesses close and workers are forced on leave or terminated, Bali Tribune, September 2020

⁴⁵ Next stage of social media campaign by the BHA, Bali Hotel Association, October 2020

⁴⁶ Hundreds of Tourism businesses closed, Bali Express, September 2020

Sustainability” (CHSE) protocol for businesses in the tourism industry. Such businesses include hotels, transportation services, and tourist attractions. Verification efforts for the certification is in progress and is targeted to be completed by the end of December 2020.

The Badung regency has also partnered with 4-star hotels to allocate 64 rooms as a quarantine facility for Indonesian migrant workers and students returning from overseas, and 25 rooms for medical personnel.

Future trends

The district government has signed an infrastructure agreement with the Ministry of Finance for a Public Private Partnership tender, to construct the South Ring Road in the South Kuta district. This is planned to start from Benoa Village, continuing to Ungasan Village, Kutuh Village, Pecatu Village and Jimbaran Village. The South Ring Road will be 31.3km and will increase connectivity within the Badung Regency, which will in turn increase local tourism and employment.

The key focus for the short term is on the revival of the economy through encouraging domestic tourism, as an effort to support economic recovery. The Ambon city government and Badung District government are collaborating to create an “Ambon-Bali Music Art Festival”. This will be held at Pandawa Beach, Kuta Beach and La Plancha Beach. The objective is to create hype and buzz around an attraction during the pandemic in an effort to attract domestic tourists. This in turn is expected to generate economic activity for multiple businesses around the 3 beaches.

In the future, Mandiri Bank is likely to develop QR services to other areas in Bali and Nusa Tenggara as a form of their commitment to restore confidence in retail payments and in the national economy, especially in the tourism sector.

Siloam Group recent news and activity

Siloam has a pre-existing infrastructure for telemedicine which has been combined with an e-prescriptions service through the Aido Health app. This service is only available in Jakarta, Tangerang, Medan, Balikpapan, Denpasar, Surabaya, Palembang and Makassar.

The regional government has collaborated with SHBL where the hospital was asked to allocate 20 isolation rooms for COVID patients. As hospitals are reaching full capacity for affected patients in the city, the regional government may request SHBL to allocate 30 more beds in their isolation ward as of October 2020⁴⁸.

Asset Performance

SHBL falls under the Region 3 cluster as per Siloam's reporting terms, together with other hospitals in the regions of East Java, Bali, West & East Nusa Tenggara and Timor. SHBL is a mature hospital.

This asset attributes a large proportion of its revenue from the out of pocket payor group, as it caters to the foreign tourist population. This is the only hospital in the group where foreign patients are its key target market segment.

Key Indicators

SHBL is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

⁴⁷ Collaboration to improve the economy with cashless payments, Republika Indonesia, October 2020

⁴⁸ Siloam increases isolation rooms, Radar Bali, October 2020

Beds

The maximum bed capacity of SHBL is at 281 beds while operational beds grew from 124 in December 2019 to 150 as of Q3 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHBL is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

Financial Performance

Strategically located in one of the most vibrant parts of Bali, SHBL enjoyed strong growth in revenue since commencing its operation in December 2012. Top-line sales grew to IDR 380 billion with an average annual growth of approximately 22% (2014-2019) while gross margin profitability improved and indexing comparably with other Siloam-operated flagship hospitals at around 35%-40%⁴⁹. SHBL financial result attains greater significance considering the intense competition that it is having with other hospitals. However, it is also noted that SHBL's occupancy rate has barely improved from its 2014 levels with only approximately 105 operational beds to 150 in Q3 2020 out of its maximum 281 bed capacity which suggests that majority of its revenue is driven by revenue attributable from its outpatient medical services.

From macro-economic standpoint, Bali has witnessed rapid urbanization as its economy has shifted from an agricultural-based economy to a service-driven economy. It has transformed itself as a major tourist attraction both domestically and internationally. While the growing tourism market has created a demand for medical tourism, SHBL has yet to capture a significant market share of this segment.

With nearly 70% of Bali's population dependent on tourism, the COVID pandemic has severely impacted the businesses that are operating on the island. It has seen extensive job and income losses since it closed its borders in April 2020. It has a direct impact to SHBL financials as patients are thinning out and people are looking for a cheaper alternative to quality healthcare services. Frost & Sullivan is of the opinion that the set-back is only going to be temporary. Latent demand for good quality healthcare services continues to exist and will eventually manifest once the economy recovers.

SWOT Analysis

Strengths - Advanced Technologies: Telemedicine and e-prescriptions as a value-added offering at Siloam Denpasar. - Brand Name: With its strong brand name and growth in patients and community education in Bali, SHBL is seen as a credible hospital by the government and one that can support COVID patient cases in Bali.	Weakness Industry dependencies: Majority of patients at this asset are tourists, falling in the Out of Pocket payor group. There is limited certainty on when tourism numbers will revert back to the pre-COVID baseline, considering that Bali is closed to foreign tourists till the end of 2020.
Opportunities Safety Certification: Verification efforts are in progress for Bali to be a safe	Threats Industry Dependencies: As the district largely relies on tourism, it is unknown

⁴⁹ Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment

destination despite COVID within the hospitality sector, to attract domestic tourists, promote travel security and increase traffic to the area. ▪ Tourism focused initiatives: With planned initiatives in tourism and infrastructure developments on by the government and private sector, there could be additional traffic to the area, creating job opportunities, increased spending power and economic activity. ▪ Potential Centre of Excellence: There may be a possibility to explore a centre of excellence around emerging diseases at SHBL, to tap on the surrounding region, incoming visitors and local population needs during the pandemic.	when growth will revert back to a pre-COVID baseline, with foreign tourist restrictions expected to be in place till December 2020. ▪ Domestic tourism promotion: Despite having campaigns to attract domestic tourists, it has not yet been proven in the past that this will be successful.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

With economic activity in Bali relying heavily on tourism, the recovery here may not happen in the short term in view of the COVID pandemic. Additional measures put in place by the government are likely to contain the spread of the virus and restore normalcy in living conditions. After stabilization in the community occurs, initiatives around domestic tourism may prove successful in increasing economic activity in the district.

There has been no announcement by the authorities on when the restriction on foreign tourists entering Bali is to be lifted. Tourism and peripheral services may start to normalize after foreign tourists are allowed back into the city.

4.1.3 Siloam Hospitals Buton

Location trends

Siloam Hospitals Buton (“**SHBN**”) is located at Jalan Sultan Hasanuddin, Bau Bau, in the Wolio sub-district. The government had plans to develop Bau Bau into an integrated fishing area since it has a strategic location in connecting West and East Indonesia.

Since 2016 these development plans have included building an integrated fishing development scheme, seaports as well as the current airport. Aside from the fisheries industry, the key industries in Buton are agriculture, wholesale & repair, and construction, making up 60% of the economy according to the Buku Statistics 2020⁵⁰.

Due to the COVID pandemic, more than 8,000⁵¹ businesses have been impacted and their turnover has shrunk by more than 50%. At 21 new cases, in September 2020 alone, Buton had the highest number of cases in Southeast Sulawesi.⁵²

There has been private and government support to aid with the situation in Bau Bau. Pertamina created “Desa Siaga”, loosely translated to Alert Village, as a preventative measure to educate

⁵⁰ Buton Regency in Figures, Central Bureau of Statistics of Buton Regency, April 2020

⁵¹ 8000 MSMEs in BauBau Submitted to Receive Assistance, Kendari Pos, 9 June 2020

⁵² 56 New cases of Corona Virus in Southeast Sulawesi, the most in BauBau City, Inilah Sultra, September 2020

and raise awareness on health protocols needed post-COVID. Measures such as wearing a mask, social distancing and health etiquette when sneezing and coughing are taught here. The local police, Polres, has also donated 10 tons of rice⁵³ to the low-income strata, who are most impacted by the pandemic, for their basic necessities.

In July 2020, in an effort to restore normalcy in the region, ferry services to surrounding islands and Citilink flights to Bau Bau have resumed. This of course includes compulsory quick tests measures and social distancing⁵⁴.

Government Support

In an attempt to help spur economic activity, the mayor of Bau Bau, Southeast Sulawesi, issued a mayoral regulation, Number 15 of 2020. This concerns handling the economic impact of the spread of COVID, both by eliminating market levies, eliminating flat-housing levies, and reducing the rental of Wameo market booths for three months, from May to July 2020. Additionally, 262 micro businesses are also likely to receive IDR 2.4 million⁵⁵ from the regional government.⁵⁶

As part of their efforts to reduce the number of COVID cases, the government of Bau Bau city, has formed volunteer health professional groups to accelerate the handling of COVID testing. It is expected that the 72 health professionals, who are volunteers, will always maintain cohesiveness in COVID measures and actions. On top of this, the City government of Bau Bau implemented a new post COVID regulation, Perwali 35/2020⁵⁷, where it outlines safety protocols for the public such as social distancing and the compulsory wearing of masks in public.

Future trends

Regional budget revisions have also been proposed and are awaiting approval by the regional parliament. These revisions are for COVID relief management, construction of WIFI hotspots at several points for the Kindergarten (TK), Elementary School (SD) and Junior High School (SMP). This is so that connectivity to the internet can be improved and can be accessed by students, so that they can continue learning. Another action item in the proposed budget is for bridge construction connecting Buton Island and Muna Island which is expected to aid in jobs creation and facilitate additional accessibility to Bau Bau.

Another post-COVID government measure introduced by the Ministry of Marine Affairs and Fishery include planning for the further development of industrial areas into fisheries, and proposes promoting marine tourism in Bau Bau. The development of this integrated area aims to prepare the marine and fisheries sector as a buffer for the Indonesian economy, in facing the impact of the pandemic. For a start, the Ministry of Marine Affairs & Fishery has invested IDR 5 Billion⁵⁸ for shrimp farming at this location.

In the future, this development is also likely to expand along the coast of Wameo, Tarafu and Bone-Bone. Furthermore, the proposed 2021 plan⁵⁹ in the fisheries industrial area includes the provision of cold storage to support the operation of the Wameo fish landing base ("PPI"). In addition, there is a proposal to revitalize the ice factory at the PPI and support for marine, fresh and brackish water cultivation facilities and infrastructure (Sarpras).

⁵³ To Help Affected Residents of Covid 19 BauBau Police Distributes 10 tons of Rice, Tegas, August 2020

⁵⁴ Ferry services and flights resume post COVID, Ekonomi, July 2020

⁵⁵ BauBau City UMKM Players Will Get Rp 24 Million Stimulus Funds This is the Requirement, Satulis, August 2020

⁵⁶ The Impact of Covid-19 Mayor of Baubau Waived Retributions For Flats, Sultra Antaraneews, April 2020

⁵⁷ The Baubau City Government has started to socialize the Mayor Regulation on Covid-19, Rubrik Sultra, September 2020

⁵⁸ Ministry of Marine & Fisheries Have Disbursed Rp 5 Billion For the development of shrimp ponds in Baubau City, Liputan6, August 2020

⁵⁹ Minister Edhy approved the Fishery Industrial Estate Development Plan in Baubau City, Ministry of Marine & Fisheries Indonesia, August 2020

Siloam Group recent news and activity

Currently the Bau Bau city government, or Pemkot, has prepared two hospitals to deal with the current COVID crisis, for passengers arriving with a temperature of above 39° celsius. These two hospitals are Siloam Hospital Buton and RSUD Palagimata Baubau.

Asset Performance

SHBN falls under the 'ramping up' segment, in the Region 4 cluster as per Siloam Hospital reporting terms, together with other hospitals in the region such as Palangkaraya, Balikpapan, Paal Dua, Manado and Makassar.

Key Indicators

SHBN is classified as a 'ramping up' hospital. Within the 'ramping up' hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

Beds

The maximum bed capacity of SHBN is at 140 beds while operational beds decreased from 80 in December 2019 to 65 as of Q3 2020.

The hospital is likely to open up to its full capacity of 100 rooms in 2021, so that it can continue to be classified as a type C hospital.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHBN is classified within Region 4 in Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

Financial Performance

Operational since 2016, SHBN is among the newer hospitals operated by Siloam and shares common characteristics with SHLB in that both are located in Tier 3 cities, in close proximity to major tourist attractions and that both were built as a point of referral for healthcare service providers. Not surprisingly, the performance is similar to that of Labuan Bajo, i.e., it has started to gain significant market share as it is the only hospital equipped with up-to-par quality medical equipment, resulting in improved profitability since its inception.

The region has one of the lowest personal healthcare expenditure in the country and below national average GDP per capita. Challenging macro-economic environment has resulted in a tepid growth of SHBN metrics. For instance, as of 3Q20, NGOR for ramping up hospitals established in 2016 which include SHBN and SHLB was approximately IDR 17 billion, barely improving from the 3Q18 figure. Similarly, the number of operational beds also remained relatively stagnant since launch with only 65 operational beds out of the total 140 bed capacity. It also significantly underperforms when compared to other newer Siloam Hospitals in the portfolio that were launched in 2017 and 2018. As of 3Q2020, NGOR from hospitals launched in 2017 grew at an average 3-year CAGR of +36% whereas hospitals launched in 2018 grew at approximately 183% for the same period. In comparison, SHBN and SHLB grew by approximately 3% during the same period.

Overall, improving growth and referral processes while improving its' cost efficiency initiatives will be key for SHBN growth strategy. Frost & Sullivan is of the opinion that, other things remaining constant, and the economy staging a recovery, SHBN is expected to be EBITDA positive by 2021 – 2022.

SWOT analysis

Strengths - Brand name: The brand name of Siloam Hospitals has a reputation for high quality of healthcare services. - Advanced Technologies: Siloam group has a telemedicine infrastructure in place that may help consultations of serious cases in remote areas. - Asset has unique technologies such as a urology, hematology and MRI departments. - Location: The location of SHBN is advantageous as it connects East and West Indonesia, asset is located close to inter island facilities like shopping and transportation centres.	Weakness Pandemic effects: Currently the demographic of patients at the hospital are the BPJS Kesehatan group, an increase has been noticed due to the effect of the pandemic and a resultant increase in testing. However, this growth and increase may not be a long term trend
Opportunities - Geographical reach: Bau Bau is situated in Buton Island which consists of five regencies and one city (Bau Bau). All of the five regencies have minimal healthcare facilities in place. Therefore, Bau Bau has the opportunity to be the referral centre for Buton Island by liaising with clinics and hospitals in other regencies. - Government support: With the planned integrated fishing area, more jobs in construction and development are likely to be created. This in turn is expected to bring additional patients to SHBN.	Threats - Accessibility: As flights and ferry services have only recently opened up for Bau Bau, it is uncertain if the general public has security or credibility in travelling to the area in the pandemic. - Travel Restrictions: Other attractions such as WAKATOBI which is accessible via Bau Bau are still closed to tourists, it is not indicated when this will open up again.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

Buton relies on trade routes between East and West Indonesia for its port activities and its fishing industry. Regional revenue (PAD), for Bau Bau was targeted at IDR 922 billion but due to COVID this revenue has decreased by 8.64% to IDR 802 billion. Since there is government support on a regional level for the development of the integrated fishery area, this may bring in more employment and therefore increased footfall to Bau Bau.

As SHBN is one of the two hospitals that has been appointed to handle COVID related cases, the assets' patient pool may increase especially since sea and air transport routes have resumed.

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4.1.4 Mochtar Riady Comprehensive Cancer Centre

Location trends

As one of the three flagship hospitals of Siloam, the Mochtar Riady Comprehensive Cancer Centre (“**MRCCC**”) is Indonesia’s first and largest private comprehensive cancer centre located in Semanggi area in Jakarta. Since its opening in 2011, it has grown to become one of Indonesia’s leading specialist hospitals, providing reliable, effective and high quality healthcare for all patients.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%⁶⁰. This downward trend is further impacted by the decline in domestic economic activity as a result of the PSBB policy, to prevent the spread of COVID. Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion⁶¹. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the transitional PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

The total positive COVID cases in South Jakarta, as of mid-October, has reached 2,285 cases. Accordingly, the regional government, Pemprov DKI, has appointed 14 referral hospitals⁶² in South Jakarta for affected COVID patients, so that no hospital is over burdened with a high number of patients.

The largest industry contraction in Jakarta has been in the hotel accommodation industry at 34.8%, F&B industry at 23.4%, transportation industry at 20.5%, and the processing and trade industry at 13.6%²⁸. The contraction in various sectors is consistent with the contraction in domestic demand and total exports in the second quarter of 2020. Aligned with this contraction, the head of South Jakarta city Manpower and Transmigration sub-department has reported that there have been 5,410 workers terminated and 25,112⁶³ workers forced to take a leave of absence.

The financial services player, Mandiri Bank, together with PT Transportation Jakarta (Transjakarta), have issued a special edition e-money card to facilitate cashless payments in all modes of public transportation in the Jak Lingko system. This is so that there will be a direct reduction in contact between public vehicle staff as well as passengers. Jak Lingko is an integrated public transportation program that covers 85%⁶⁴ of the DKI Jakarta area through 274 routes.

Government Support

As part of their initiatives to mitigate the spread of COVID, the Provincial Government (Pemprov DKI) provided 5,556⁶⁵ cloth masks to be distributed in the areas of Karet Semanggi Village, Setiabudi in South Jakarta. To support those who need financial aid and basic necessities, they have also distributed basic food aid packages here. Within this area there is active surveillance (‘tertib masker’) to ensure masks are always worn in public, this involves law enforcement agents as well as government officials.

One of the key activities that was carried out by the government to reduce the spread of the virus was to spray disinfectant in all neighbourhood areas. Public Infrastructure and Facilities Handling (PPSU) officers, as well as officers from other agencies were deployed in this activity.

⁶⁰ Bank Indonesia Regional Performance Report DKI Jakarta August 2020, Bank Indonesia, September 2020

⁶¹ DKI Jakarta’s Revenue Target Misses By 40.7 T due to Corona, CNN Indonesia, May 2020

⁶² These Are 14 COVID-19 Referral Hospitals in South Jakarta, Antara News, September 2020

⁶³ Jakarta Imposes a Transitional PSBB, Following the Covid-19 Update in South Jakarta, Jaksel News, October 2020

⁶⁴ Bank Mandiri Issues the Jak Lingko Edition of E-Money, Money Kompas, November 2020

⁶⁵ Karet Semanggi Village Receives 5,566 Cloth Masks, Jakarta News, May 2020

The Health Service Unit (UPK), with support from the Ministry of Health, held COVID Mass Rapid Tests and screenings in the Setiabudi district. As soon as there were suspected positive cases, they were isolated so that the patients do not become a source of transmission in the community.

Future trends

PT Moda Integrasi Transportasi Jabodetabek, MITJ, is a joint venture of rail based public transportation systems in the Jabodetabek area. MITJ will start working on 11 top priority initiatives which will integrate transportation modes in the region to aid accessibility as well as reduce contact points through journeys.

The Karet Semanggi Village in Setiabudi plans to implement initiatives that will reduce the issue of flooding during the monsoon season, by building 10 infiltration or vertical drainage wells. This will reduce the cyclical flooding that happens every year as well as provide employment in the region.

Siloam Group recent news and activity

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

MRCCC organized its 'Run for Hope' in Sudirman on the Car Free Day area, to commemorate World Cancer Day 2020. This run was dedicated to cancer survivors and patients in Indonesia. It liaised with the Indonesian Cancer Foundation (YKI) for 'Hair to Share', an activity to donate human hair to cancer patients, also to commemorate World Cancer Day 2020.

A MRCCC hospital director conducted a webinar in July 2020 with AstraZeneca called 'Kelanjutan Perawatan Kanker di Indonesia' or continuous care for cancer patients in Indonesia, to reassure the public that the quality of care is on par with Singapore and Malaysia at MRCCC. He also encouraged cancer patients to continue or start their treatment as MRCCC is a comprehensive cancer treatment facility. Specialized treatments such as a specific Immunohistochemical (CPI) test for certain types of cancer (Non-Small Cell Lung Carcinoma (NSCLC), namely TTF-1, Napsin-A, P63) is available at MRCCC. Target therapy can also be done to target cancer cells specifically through CPI (ALK PD-L1) and molecular testing (EGFR).⁶⁶

Overseas travel was restricted and most country borders have been shut down due to the COVID pandemic. This may be one of the factors for the volume increase of 50% from chemotherapy services in March 2020 at MRCCC, this percentage does not include inpatients who had to undergo chemotherapy⁶⁷.

Asset Performance

MRCCC Siloam falls under Region 1 as per the Siloam Hospital reporting terms, together with other hospitals in the Greater Jakarta Area. It is part of the Flagship segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

Key Indicators

MRCCC is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's NGOR declined by 5% y-o-y.

Beds

The maximum bed capacity of MRCCC is at 334 beds while operational beds grew from 176 in December 2019 to 184 as of Q3 2020

⁶⁶ Cancer treatments in MRCCC on par with overseas standards, Harian Terbit, July 2020

⁶⁷ Chemotherapy Patients increase at MRCCC, Investor ID, May 2020

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that MRCCC is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

Financial Performance

Located in the heart of a commercial centre in Jakarta, MRCCC has paved its way to profitability since its inception in 2011. It is one of Siloam's flagship hospital and the third largest contributor to Siloam's group portfolio revenue next to Siloam Hospital Lippo Village and Siloam Hospital Kebon Jeruk. Revenue grew from a modest IDR 33 billion in 2011 to IDR 764 billion in 2019 representing an average annual growth of approximately 48%; while from profitability standpoint, it is operating as one of the group's highest gross margin contributor, with gross margin at approximately 38% and Net Income margin at approximately 21% in FY19.

While long-term outlook remains positive, in the short term, COVID threatens to derail MRCCC growth trajectory. The PSBB that was enacted by the regional government has impacted the economy all around including the hospital / healthcare sector. Revenue from the flagship segment dipped in 9M2020 declining by -7.4% y-o-y while EBITDA and Net Income margin declined to 30% and 20% respectively. Frost & Sullivan is of the opinion that this downturn is only temporary. There is only one other cancer hospital, Dharmas Cancer Centre and a hospital based oncology department at RSCM, both of which are state-owned. Shortage of advance cancer care is likely to get the hospital's financials back on a growth trajectory as soon as the pandemic situation improves.

According to the Ministry of Health, there has been a higher prevalence of cancer in Indonesia. Prevalence of cancer which was 1.4 per 1,000 population in 2013 increased to 1.79 per 1,000 population in 2018. This is further expected to increase in the near future and MRCCC is likely to be well-positioned to take advantage of this trend. It offers advanced oncology therapy at a fraction of costs compared to similar hospitals in Singapore and is therefore likely to continue on its growth trajectory in the near future.

SWOT analysis

<u>Strengths</u> - Brand Name: As Siloam's flagship hospital, MRCCC has a strong network and reputation. - Advanced technologies: First hospital in Indonesia to provide integrated nuclear medicine facilities for cancer treatment. - It is the most advance MRI and oncology private hospital in Indonesia. - As a cancer Centre of Excellence, MRCCC has high complexity cases.	<u>Weakness</u> - Building Capacity: MRCCC is a large building and has some under-utilised floors where if leased out, could potentially generate more rental income. - Location: Access to MRCCC during peak hours may be hampered due to traffic congestion in Jakarta
<u>Opportunity</u> - Key Incidence of Disease: There is a high cancer incidence and mortality in Indonesia⁶⁸, which emphasizes the need for a specialist cancer centre like MRCCC. - Pandemic Measures: Reduction in travel overseas means that a portion of patients who used to receive specialist treatment	<u>Threat</u> Pandemic measures: COVID cases in South Jakarta are still high, there is uncertainty as to when social restrictions will be lifted. Higher margin procedures such as medical check-ups and surgeries may not happen during this period

⁶⁸ Cancer index Indonesia, 2018

overseas are now receiving treatment in the country which translate to an increase in patients for chemotherapy or other specialist treatments like pulmonology at MRCCC. ▪ Referrals: Possibility of receiving cancer patients from countries around the region through cancer centre collaborations, self-referral or from medical concierge recommendations. ▪ Location: MRCCC is located in a prime location and a large captive demographic.	▪ In the future when travel restrictions are lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at MRCCC.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

MRCCC is part of the 'flagship' segment for Siloam Hospitals. It is located in an opportunistic location, a high density area of South Jakarta with the surrounding regency encompassing largely an affluent population.

Due to the pandemic and travel restrictions, MRCCC may have an increase in the number of complex cancer related cases and chemotherapy treatments. This is because patients are unable to travel overseas to receive treatment.

4.1.5 Siloam Hospitals Yogyakarta

Location trends

Siloam Hospitals Yogyakarta ("SHYG") is located in Jalan Laksda Adisucipto and connected to the adjacent Lippo Plaza Jogja. SHYG is situated between Kota Yogyakarta and Sleman Regency, this area according to the Human Development report ⁶⁹ has a high Human Development Index which points to a higher education and income catchment area.

The economic growth of Yogyakarta City for 2020 was previously estimated at 5.2%, however due to the pandemic this has been reduced to 3.55%⁷⁰. Due to this contraction, the number of people with an average monthly expenditure who fall below the poverty line is predicted to increase to 9.99% in 2020, this will improve to 8.22 % in 2021⁷¹.

Yogyakarta is a domestic and international tourism destination, with both cultural, religious and nature attractions. Tourism revenue from the city of Yogyakarta accounts for 12% of its economy. Due to the pandemic and travel restrictions, there has been a drop in the number of tourists to the city. The transportation, communications and information sector, with a total economic contribution of around 27.5%, has also been affected by the decrease in tourism. As of April 2020, 35,252⁷¹ workers were given a compulsory leave of absence and 1,710 workers were terminated.

As of October 2020, the number of suspected COVID patients in Yogyakarta was to the tune of 13,841 people. Of the 13,841 people, 3,744⁷² tested positive for COVID and there have been 91 deaths. Current active cases has reached 589, with a case recovery rate of 81.84% and a case fatality rate of 2.43%.

Social movements to boost morale and togetherness in helping one another have appeared during the pandemic. The 'Canthelan' is a social movement within the community that started in

⁶⁹ Human Development Index in Yogyakarta, Bureau of Statistics Special Region Yogyakarta, March 2020

⁷⁰ Strategy of Yogyakarta City government in Handling Covid-19, Tribune News, June 2020

⁷¹ 35000 Workers in DIY Were Given a Compulsory Leave of Absence and 1,710 Workers Were Terminated, Detik Finance, May 2020

⁷² Breaking Records, Number of New Positive Corona Cases in DIY Today, Detik News, October 2020

Yogya due to the effects of the pandemic, where locals help each other by sharing essentials with those in need. Items are hung in public places for those affected to “pick up”, just like its name which means ‘hook’ in Javanese. This is an initiative solely led by volunteers. Another initiative, the “relawan mengajar”, provides assistance to learn content via the internet to aid students with poor connectivity. There is also a food distribution initiative, “Dapur Balita” and “Dapur Lansia”, which provide community aid for meals for those who are affected by income loss. Lastly there is a community called Sonjo, where parties communicate via a large Whatsapp group to connect those who need assistance and those who are able to distribute supplies.

Government Support

The Government of the Special Region of Yogyakarta (DIY Regional Government), focuses on COVID testing for tourists and communities around tourist destinations, as well as for families that are visited by relatives from outside the region. Currently tests are being conducted for about 557⁷³ people per day which is higher than the target set by the WHO. The government has extended the emergency response status for the pandemic till November 30, 2020, it was previously set to end in June 2020. The DIY Regional Government follows a national central government policy, which has not revoked the status of COVID as a national emergency.

The Government of Indonesia (GOI) is constructing a 97km toll road that connects Solo to Yogyakarta as part of an economic recovery program. This is expected to generate economic activities along the two cities as well as aid in employment generation. This toll road is planned with strategically placed exits aimed at increasing economic activity and human traffic along 10 areas, namely at Kartosuro, Karanganyar, Klaten, Prambanan, Purworejo, Gamping, Sentolo, Wates, NYIA Kulonprogo, and Purworejo.

The regional government in Yogyakarta has revised the regional revenue and expenditure budget (“APBD”) in accordance with government announcements (Inpres and Keppres). This presidential announcement states that regional governments must repurpose their APBD so that projects focus is on generating economic growth in the short to mid-term. For Yogyakarta, an economic growth of 4% in 2021 is targeted with the APBD budget reallocation. An estimated IDR 600 billion⁷⁴ has been repurposed, where IDR 360 billion has been allocated solely to handle the community and healthcare needs due to COVID.

The Yogyakarta city government is focusing on initiatives in the healthcare sector as well as providing social and economic support. Support for the healthcare sector is carried out by meeting operational needs in handling affected patients. Items such as medicines, isolation rooms, PPE, vitamins, as well as laboratory examinations (PCR/swab) and rapid tests are being supplied. Furthermore, social support is being carried out by providing assistance to residents of Yogyakarta City with positive or positive-and-recovering status, as well as food assistance to residents of Yogyakarta City.

Several innovative initiatives have emerged during the pandemic, both from society as well as from the government. In their post-emergency response period, the Yogyakarta city government has prepared a 3-pillar strategy: Strengthening health protocols, Strengthening the economy, and Strengthening the new normal. “Jogja for Jogja” is an implementation of this cooperation between agencies, the public and the government so that the city works together to face the crisis hand in hand. Another “Jogja for All” initiative is one where the government has collaborated with online transport providers to bring traffic and sales to traditional markets and Micro, Small and Medium Enterprises (MSMEs) in Yogyakarta City.

⁷³ DIY Test Data of 500 People Per Day, Local Government Claims 700-1000 People, Gatra News, November 2020

⁷⁴ The Synergy of the Regional Government of DI Yogyakarta and the Center in Handling Covid-19 Must Continue, Tribune News, October 2020

Future trends

As mentioned, a 96km toll road is in planning stages⁷⁵. This road will also connect all 3 airports across Central Java. Its purpose is to boost employment, tourism and trade along strategic areas of Borobudur, Jogja, Prambanan and Solo, together with a number of tourist sites on the south side of Central Java.

An application development company in Yogyakarta's local transportation and tourism sector, PT Putra Nusantara Lestari, has introduced an app called AeroConnect for vehicle reservations and integrated tourism services in collaboration with the DOK Online payment system. The objective is to encourage travel and tourism whilst being safe.

Siloam Group recent news and activity

Siloam Hospital Yogyakarta is one of the 25 referral hospitals⁷⁶ for COVID patients in Yogyakarta. Sultan Hamengko Buwono inaugurated the hospital where he emphasized that all patients will get "excellent, friendly, smart, safe and a higher quality of service". He also encouraged residents to not travel overseas to Malaysia or Singapore to seek treatment but could do so at Siloam. Any patient who has COVID, has been assured that they are covered by the government, since select private insurance providers do not cover expenses due to the pandemic.

Siloam Hospital Yogyakarta has received donations from Prima Protect+, lending credibility of safety since it is a leading manufacturer who is approved by the World Health Organization. The hospital has organized several health talks in the midst of the pandemic. For instance, Siloam Hospital in Yogyakarta and Semarang organized an orthopaedic related talk for the young and elderly via Instagram Live. A private insurance player, CAR Life, partnered with the hospital as well to conduct health talks for its clients on COVID safety and care.

Asset Performance

SHYG falls under the Region 2 cluster as per Siloam Hospital reporting terms, together with other hospitals in the West to Central Java Area. It is part of the ramping up segment of hospitals that have only opened recently.

Key Indicators

SHYG is classified as a 'ramping up' hospital. Within this hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

Beds

The maximum bed capacity of SHYG is 249 beds while operational beds grew from 30 in December 2019 to 40 as of Q3 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHYG is classified within Region 2 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 25% whereas the outpatient volumes declined by 24% y-o-y.

Financial Performance

SHYG is one of the ramping-up Siloam hospitals that has been on a growth trajectory and is on track to be EBITDA positive by 2021-2022.. As per 3Q2020 report, hospitals in this segment were recording an average annual growth of approximately 36% in Net GOR (3-years CAGR). As a new hospital, it expanded its capacity from 60 beds in 2017 to 249 beds in 2020. However, lower number of operational beds as outlined above is indicative of a lacklustre demand for IPD beds. It faces fierce competition from other established players such as RS Bethesda, RS Panti Rapih and JIH, all of which have a long standing presence in Yogyakarta. Both RS Panti Rapih

⁷⁵ Planned toll road for operation by 2023, Jateng Suara, October 2020

⁷⁶ 25 referral hospitals in DIY, Jogja Tribune, March 2020

and RS Bethesda in particular, have been around for nearly a century with the latter being established in the 19th century. Intense competition coupled with the prevailing COVID pandemic have resulted in challenging times across the country and Yogyakarta is no exception. However, with increasing demand for quality healthcare services, private hospital players such as Siloam are likely to eventually gain a stronger foothold in the market once the COVID pandemic eases.

SWOT analysis

Strengths Brand Name: The brand is known for providing high quality healthcare services which is steadily improving patient demand	Weakness Building capacity: There is a large difference between the total number of beds and operational beds.
Opportunities - Geographical Presence: Many small peripheral cities with industrial areas are in proximity to Yogyakarta, in industrial areas the hospitals may only have basic facilities, and there may not be specialists there. These patients can easily come to SHYG for complex treatments. - Government Support: SHYG has received inauguration from the Sultan, which can be a significant positioning statement and increased credibility for the hospital. - With the planned toll road project, this is likely to heighten the economic activity and human traffic to the area, thus bringing a new pool of potential patients to SHYG.	Threats Consumer sentiment: There may be a sentiment of preferring to visit doctors overseas resulting in an outflow of medical tourism, which may cause patient volumes to drop post pandemic when travel restrictions have been lifted.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

SHYG falls within the 'ramping up' segment, its performance is doing better than was forecasted in 2019.

Since the city has a portion of its revenue generated from tourism and peripheral industries, there is a contraction to the economic forecasts from 2019. With the planned toll road project, this is likely to heighten the economic activity and human traffic to the area.

A unique aspect to the city is that Yogyakarta is receiving support both from the government and from several social initiatives in its aim to boost economic activity.

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4.1.6 Siloam Hospitals Makassar

Location trends

Siloam Hospitals Makassar (“SHMK”) is located in the Tanjung Bunga district, which is approximately 7 km away from the city centre of Makassar. This asset lies on a reclaimed settlement stretching over approximately 1,000 hectares, it is a key private regional hospital in the South Sulawesi covering all income groups of patients.

Makassar has a total of 9,453 positive COVID cases as at the end of October 2020⁷⁷. The economy had grown at 6.2% at the beginning of the year, which was initially projected at 8.8%. This fell to 2.8% in the second quarter of 2020 and 3% in the third quarter of 2020. As of April 2020, the total number of workers who were given a forced leave of absence was at 7,893 employees from 247 companies. A total of 224 workers were laid off⁷⁸.

There are initiatives from both public and private players to help in economic recovery during the pandemic.

A private transportation player, Gojek, has accelerated the digitization and financial inclusion of MSMEs, where 87% of MSMEs⁷⁹ now have digital businesses, and 51% now have cashless payment facilities. Uniqlo Indonesia supported the healthcare ministry by donating medical supplies, 293,000⁸⁰ health related personal protective equipment, which included hazmat suits and masks.

To increase exports revenue for the region, Garuda Indonesia has provided cargo shipment support by creating a special route from Singapore to Makassar. These once a week flights transporting almost 40 tonnes of cargo started in October, since Singapore is one of the largest import countries for commodities in Southeast Asia⁸¹.

A movement called “Bangkit Bangsa”⁸², translated to “Rise my Nation” was created to support the community in their health, economy and social needs. This initiative donates food, provides living expenses for teachers, provides business capital assistance and PPE and disinfection services to 24 districts in South Sulawesi⁸².

Government Support

The Makassar City Government is focusing on growth in five strategic sectors such as fisheries, tourism, transportation, warehousing and the food sector⁸³, with an objective of having diversified industry growth to boost the economy in Makassar. To improve local businesses, the Mayor Rudy Djamaluddin, has created an expert team of individuals⁸³ to advise MSMEs on how to improve their products, so that it can generate additional export revenue for the businesses. The government has also distributed care packages to 60,000 residents, each package is worth IDR 500,000⁸⁴.

A new task force, Satgas, has been formed to handle the needs around the pandemic. This is due to the alert level in Makassar reducing from red to orange⁸⁵. This task force will be directly led by the Mayor of Makassar and will largely focus on the implementation of safe distancing protocols and PSBB.

⁷⁷ Corona Information Makassar, Info Corona Makassar, November 2020

⁷⁸ Economic Recovery, Makassar Focuses on Improving Five Sectors, Sulawesi Bisnis, September 2020

⁷⁹ Gojek Accelerates the Digitalization of Makassar City MSMEs During the Pandemic, Upeks, October 2020

⁸⁰ Handling Covid-19: Uniqlo Indonesia Handed Over 293,000 PPE to the Makassar City Government, Tribune News, November 2020

⁸¹ Garuda Serves Makassar-Singapore Cargo Routes Berita Satu, October 2020

⁸² Officially Launched in Makassar, the Bangkit Bangsa Movement Presents Optimism in the Middle of the Pandemic, Tribune News, October 2020

⁸³ Makassar City Government Forms Expert Team Focusing on Economic Recovery, Sulawesi Bisnis, October 2020

⁸⁴ During Makassar PSBB, 60,000 Basic Food Packages Were Distributed To Residents, Kompas Indonesia, April 2020

⁸⁵ Out of the Red Zone, Makassar City Covid-19 Task Force Disbanded, Makassar Today, October 2020

Future trends

There are sea, air and rail projects that are planned for the future under public private projects. The target is to bring additional revenue to the region by making it more accessible via several modes of transport and routes. These large infrastructure projects are expected to generate employment and economic activity in the future.

Currently the Makassar airport has a capacity of 7 million passengers a year. The planned expansion for this, under the 'Sultan Hasanuddin Airport Makassar Development Project', is expected to take the capacity to 15 million⁸⁶ passengers a year. This project is targeted for completion in May 2021.

An improvement to the sea port infrastructure is being planned by PT Pelabuhan Indonesia IV Persero, where a green ecosystem concept is planned for the port to enhance the productivity through automation and to reduce time at the port for cargo ships to 2 days⁸⁷. This integrated development is targeted for completion in 2022.

The government is planning for a 2,000 km Trans-Sulawesi railway line to connect important areas in Sulawesi between Makassar and Manado. The Trans Makassar-Parepare Railway, crosses Pangkep and Maros Regencies, is targeted for completion in 2021.⁸⁸ The strategic aim of the Trans Sulawesi railroad is to connect cities that have the potential for passenger, freight and commodity transportation. This will facilitate the movement of goods and services, and for residents to travel with greater accessibility for employment or tourism.

Siloam Group recent news and activity

The governor of South Sulawesi, Nurdin Abdullah, announced his appreciation for SHMK in their efficiency and support for public health when they created Siloam Tanjung Bunga as a COVID appointed hospital⁸⁹ for the region.

SHMK together with PT Goa Makassar Tourism Development Corp Tbk, conducted mass rapid tests of 250⁹⁰ air crew personnel on duty at the Air Force base. The hospital has a capacity of up to 576 tests a day, reported Dr Herry Bertus the director at SHMK. As of September 2020, with the new technology being made available at SHMK, PCR tests results can be obtained within 4 hours⁹¹, instead of the usual 2-3 days at other hospitals.

Asset Performance

Siloam Hospital Makassar falls under Region 4 as per the Siloam Hospital reporting terms, together with 5 other hospitals in the Sulawesi and Kalimantan Area. It is part of the 'mature' segment of hospitals, which means that the hospital is profitable with a high potential for further capacity growth.

Key Indicators

SHMK is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

Beds

The maximum bed capacity of SHMK is at 362 beds while operational beds reduced from 215 in December 2019 to 150 as of Q3 2020.

⁸⁶The Capacity of Two Airports Will Increase Later This Year, Ekonomi Bisnis, November 2020

⁸⁷ Makassar New Port is Ready For Integration in 2022, Swarna News, January 2020

⁸⁸ Trans Sulawesi Railway Signal System Using New Generation Technology, CNN Indonesia, October 2020

⁸⁹ Siloam Tanjung Bunga Makassar Hospital Becomes A Referral Hospital for Handling COVID19, Liputan6, May 2020

⁹⁰ Siloam Makassar Hospital and Developer Tanjung Bunga Hold a Mass Rapid Test, Berita Satu, June 2020

⁹¹ The Results Of The Swab Test at Siloam Can Come Out in 4 Hours, Makassar Sindo News, September 2020

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHMK is classified within Region 4 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

Financial Performance

Started operating in 2012, SHMK was established to cater to the local population across all socio-economic classes. Over the years, the strategy has worked well financially. Revenue has been growing from approximately IDR 156 billion in 2014 to approximately IDR 398 billion in 2019 (+20.6% CAGR) whilst gross margin and net income margin were parallel with the group's flagship hospital at around approximately 38% and approximately 24% margin respectively.⁹² Notably, SHMK had only one year of negative net income at inception after which it has always been having a positive net income⁹³. The bottom-line has been on a growth trajectory indicative of a strong demand for good quality healthcare in Makassar.

The increasing affluence and urbanisation in Makassar and the surrounding municipalities are significant growth drivers of SHMK. It created an expanded group of middle to upper income healthcare customers who expect quality private healthcare services. Additionally, the affordable pricing model of SHMK also allows the hospital to put emphasis on serving lower income and poor population within the region and this was boding well for the hospital in terms of its financials.

However, the COVID pandemic is threatening to derail the SHMK growth trajectory. During the height of the pandemic at 2Q20, EBITDA and NI margins of the mature hospital segment dropped to unprecedented levels to approximately 15% and approximately -1% respectively. However, demand proved to be resilient as it registered a rebound to its historical levels of around approximately 30% to approximately 16% margin by 3Q20.

SWOT analysis

Strengths ▪ Leverage on Group infrastructure: Telemedicine and Helicopter ambulatory service synergizes clinical operation between Siloam Lippo Village and SHMK ▪ Building Capacity: Management plans to build an extra wing to create larger capacity ▪ Captive Demographic: SHMK has been experiencing a high occupancy rate since end 2019	Weakness ▪ Pandemic Effect: Currently an increase in patient flow has been noticed due to the effect of the pandemic and a resultant increase in testing. However, this growth and increase may not be a long term trend
Opportunity ▪ Government support: There are multiple projects that may take place in the future around South Sulawesi such as infrastructure and industry growth projects. This could mean a greater number of human traffic to the area, potential patients for SHMK. ▪ With higher purchasing power generated by the increased economic	Threat ▪ COVID effects: There is a low level of certainty around when planned initiatives will increase economic growth and activity back to normal in Makassar.

⁹² Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment

⁹³ Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment

activity, non-emergency services such as medical check-ups could be in greater demand. ▪ The Mayor of Manado publicly praised SHMK - the public may have a greater confidence and respect for the brand ▪ Industry dependencies: With a strong diversification strategy from the government, there is no reliance on one industry for economic growth such as the case with the Labuan Bajo asset.	

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

SHMK is part of the 'mature' segment for Siloam Hospitals. Its management has plans to expand this asset further to accommodate larger capacity of beds and services through a new wing project at the hospital.

With a strong growth diversification strategy, businesses in the city of Makassar may create economic activity and operate in a more competitive manner regionally as well as overseas. This is backed by initiatives at a central, provincial and municipal government level. As commented⁴⁴ by Prof. Marsuki DEA of the Hasanuddin University Makassar, the economy has entered into a recovery phase already.

With multiple infrastructure projects planned for air, sea and rail transport, this is expected to create greater employment opportunities and growth in economic activity. This may create a faster return to projected growth levels for the city in 2021.

4.1.7 Siloam Hospital Manado

Location trends

Siloam Hospital Manado ("SHMD") is located in the prime commercial district of the city in Manado, the heart of the North Sulawesi province. Manado contributes 16%⁹⁴ to the total economy in North Sulawesi just in tourism, as it is the "gateway" to the Bunaken National Marine Park.

Surrounded by two of the busiest central business district streets in Manado, and within walking distance to the major shopping complex and Manado Beach; SHMD adopts a unique hybrid concept of a joint facility with Hotel Aryaduta Manado. The operational model of hotel-hospital concept was the first of its kind in Indonesia.

As of end October 2020, Manado had a total of 2,232 positive COVID cases⁹⁵. Similar to other cities there is a contraction of the economy, rising unemployment and businesses shutting down. The North Sulawesi Governor, Olly Dondokambey, initially targeted an economic growth of 6.3 % in 2020⁹⁶. North Sulawesi's economy contracted by 3.89% y-o-y in the second quarter of 2020, slowing down compared to the previous quarter which had recorded a growth of 4.27% y-o-y⁹⁷. Manado may have been slower to feel the economic impact as its industries are more diversified as compared to tourism heavy cities such as Labuan Bajo and Bali.

The two industries most heavily impacted in Manado are the accommodation industry which contracted 50.3%, and the transportation industry which contracted 31.4%⁵⁸. As of June 2020,

⁹⁴ Economic report for North Sulawesi, August 2020

⁹⁵ Covid information on Manado, 2020

⁹⁶ Economic growth prediction for North Sulawesi, Bisnis Sulawesi, September 2019

⁹⁷ Economic growth reduces by 3.89%, Tribune News, August 2020

8,090 workers in the private industry have been laid off. Out of this number 6,222 are non-tourism and creative economy workers, and the remaining 1,868 are in the tourism sector⁹⁸.

Currently a private transportation player, Grab, is implementing the #TerusUsaha initiative, loosely translated to 'keep trying', to assist the digital transformation of MSMEs in Manado. This initiative is likely to up-skill MSMEs with training to improve their business. It previously was implemented in Balikpapan and East Kalimantan⁹⁹.

Government Support

In July 2020, the Manado City Government (Pemda), through the Manpower Office, has distributed basic necessities to thousands of workers affected by COVID. This assistance aimed to extend aid to employees affected by business decline due to the pandemic.

Pemda has conducted two rounds of social assistance for affected residents. During the second phase of the Social Assistance Package, a package of 10kg of rice, 15 canned fish products and 4 cloth masks were distributed to each of the 2,583 families¹⁰⁰.

In September 2020, an infrastructure project called the Manado-Bitung toll road, a section of the larger Manado-Danowudu road, has been inaugurated by President Joko Widodo via a video conference at the Bogor Presidential Palace. The Manado-Bitung toll road is designed to be integrated with industrial areas and tourism areas in North Sulawesi so that it will improve accessibility, time efficiencies, and motivation to travel. In addition to these benefits, the costs at the International Port of Bitung can also be reduced so as to encourage regional competitiveness.

Grab also collaborates with the Manado City Industry and Trade Agency to bring hundreds of Small and Medium Industry (IKM) partners onto a digital platform, as part of their #TerusUsaha initiative. Statistics from BPS for 2018 shows that there are more than 60,000 MSMEs in Manado City, 20.87% of MSMEs in North Sulawesi province are situated in Manado⁶³. The government in their part has encouraged the public to shop for necessities from the digital platform around their place of residence. Grab has helped increase convenience for people to shop using technology. This in part helps to create economic sustainability for MSMEs in the midst of the pandemic.

A cross border Public Private Partnership (PPP) agreement was signed between several parties in Japan and Indonesia, for the direct export of yellowfin tuna from Manado to Japan. A total of 10.39 tonnes, valued at USD 66,424¹⁰¹, was exported to Japan earlier this year in their first shipment of direct export services. This agreement directly improves economic activity across the fishery value chain and creates employment opportunities for residents in North Sulawesi. This partnership was the result of coordination between parties from Japan and BKIPM (Fishing quality certification in Indonesia), Indonesia Customs, North Sulawesi Provincial Government, PT. Angkasa Pura, Ministry of Transportation Indonesia and Garuda Indonesia Airlines.

Future trends

Likupang, an area in North Sulawesi, is a high priority tourism destination by the Government of Indonesia and referred to as the Likupang Tourism Special Economic Zone development program¹⁰². This programme will directly bring in more traffic to North Sulawesi and will directly flow into Manado as well.

In December 2020, PT Angkasa Pura I will complete the capacity and facility development for Sam Ratulangi Airport, to support the Likupang development programme. This will increase the passenger terminal from 26,481 sqm to 57,296 sqm, increasing the airports' capacity from 2.6

⁹⁸ More than 8000 workers in Manado lose their jobs, Tribune News, August 2020

⁹⁹ Grab teaches smart IKM to boost the economy, CNN Indonesia, July 2020

¹⁰⁰ Social aid in Manado, Kompas TV, July 2020

¹⁰¹ Fish exports to Japan, RRI Indonesia, September 2020

¹⁰² Likupang awaits its time for tourism, The Jakarta Post, December 2019

million passengers per year to 5.7 million passengers per year¹⁰³. It is uncertain when global travel bans will be lifted for Indonesia, however once it does this region will receive attention to boost tourism here.

Siloam Group recent news and activity

SHMD has been appointed as a COVID referral hospital by the government, it has very strict health protocols to protect patients under their “Clean and Clear” hospital mantra. It has also received the Paripurna Snars Edition 1.1 in 2020¹⁰⁴, which is the highest recognition in service quality and patient safety.

SHMD has donated medical devices to the Provincial Government of North Sulawesi (Sulut), to assist with the handling of COVID pandemic. Assistance given was in the form of 300 nasal swab test kits and 100 viral transport mediums (VTM)¹⁰⁵ were provided to the head of North Sulawesi Health office. SHMD is also handling hundreds of PCR sample lab tests and is prepared to assist to North Sulawesi Provincial Government in managing the pandemic.

The hospital also conducts webinars to educate residents during this period. Based on the National Healthcare Research report published in 2018, stroke is the chief cause of death in Indonesia. North Sulawesi ranks third in the country in terms of prevalence of stroke, as such the hospital recently conducted a webinar to educate residents on the ‘Prevention of stroke’¹⁰⁶. SHMD is equipped with advance technologies and various neurology specialists who can help mitigate this prevalence.

Asset Performance

SHMD falls under the Region 4 cluster as per Siloam Hospital reporting terms, together with other hospitals in the Sulawesi and Kalimantan regions. It is part of the ‘mature’ segment of hospitals, which means that it is profitable with high potential for further capacity growth.

Key Indicators

SHMD is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment’s net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

Beds

The maximum bed capacity of SHMD was at 238 beds as of December 2019 with 177 operational beds during the same period. As of 3Q 2020, the maximum bed capacity has decreased to 224 as of 3Q 2020 while operational beds dipped to 78 during the same period.

Admissions

With reference to Siloam’s 3Q 2020 presentation, we understand that SHMD is classified within Region 4 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

Financial Performance

Established in 2012, SHMD is the first hospital in the group portfolio that adopted the hotel-hospital concept. It was intended to capitalize on the growing popularity of Manado as a popular tourist destination and follows the same strategy as SHMK targeting clientele from all socio-economic classes. It pioneered JCI accreditation by offering state-of-the-art modalities lacking among a majority of the hospitals in Manado. FY 2019 revenues of this asset was approximately IDR 235 billion with gross and net income margins of approximately 27% and 7% respectively. Notably, competition seems to also impact its IPD admissions. Number of

¹⁰³ Capacity for airport increases by end of year, Ekonomi, November 2020

¹⁰⁴ Accreditation for Siloam Hospital Manado, Tribune News, March 2020

¹⁰⁵ Siloam Manado donates hundreds of test kits to the provincial government, Investor Daily, April 2020

¹⁰⁶ Tips from Manado to Beat Stroke, Liputan6, October 2020

beds operational which were 100 in 2012 declined to 78 as of 3Q2020 underlining less than robust demand for its IPD segment.

Manado as a growing tourism destination is not impervious to the impact of COVID pandemic. As of 9M2020, pursuant to company presentation report, IPD and OPD traffic from region 4 (Sulawesi and Kalimantan), declined by approximately 29% and 27% respectively year-on-year. The decline is less pronounced than the group's overall mature hospitals segment which in aggregate registered a decline of approximately 35% and 47% respectively. This indicates better positioning of SHMD in North Sulawesi and the increased attractiveness of Manado as a key commercial and tourism destination.

SWOT analysis

Strengths ▪ Leverage on group infrastructure – Telemedicine and Helicopter ambulatory service synergizes clinical operation between Siloam Hospitals Lippo Village and SHMD ▪ Advanced Technologies: SHMD is the only private hospital in Manado with MRI facility ▪ It is the only hospital in the region with a hyperbaric oxygen chamber, which is crucial in treating decompression which is especially prevalent in diving, for which the area is known for. ▪ Human Resource Strength: SHMD has the ability to attract doctors and nurses without difficulty in this location since Manado is a major city. ▪ Location: The hospital is located in the middle of a business district and is adjacent to a hotel, increasing convenience to patients.	Weakness ▪ Location: There is traffic congestion for the connecting roads to SHMD during both regular and peak hours ▪ Human Resource Challenges: The retention of staff is difficult in remote areas ▪ Currently experiencing slight management issues
Opportunity ▪ Growing tourism market: Manado's increasing popularity as a leisure diving destination may create medical tourism opportunities ▪ The future Likupang development programme will bring in future tourists to North Sulawesi and Manado. ▪ Adjacent provinces e.g. Maluku Province is gaining prominence, since diving will be the main attraction, SHMD can be a referral hospital for the province for complex cases ▪ Advanced technologies: SHMD is able to offer more advanced modalities than the other private hospitals in the area. ▪ Availability of hyperbaric oxygen chamber means that credibility and need from the diving tourism population will be attracted to this hospital, only one other public hospital is able to offer related therapies.	Threat ▪ Industry dependencies: Future opportunities are largely dependent on the growth of tourism and it is uncertain when global travel restrictions will ease ▪ Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SHMD.

▪ Accessibility: The capacity of airport will more than double in the future, bringing potential medical tourism to Manado ▪ The Manado-Bitung Toll road boosts competitiveness of industries and may attract businesses and trade into Manado, creating economic activity and employment for the region. ▪ Government Support: The fishery and marine segment also is poised for rapid growth with the Japan- Indonesia agreement in place	

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

Outlook

SHMD is classified as part of the Mature segment as defined by Siloam Hospitals' reporting terms, as such this hospital does have the potential for further growth once economic activity stabilizes in 2021.

Manado as a city has multiple future opportunities, of which only one is dependent on tourism. Initiatives by private players as well as upcoming infrastructure projects for road and airports, and cross border agreements are likely to accelerate economic activity, tourism and employment to the city in the future.

4.1.8 Siloam Hospitals TB Simatupang

Location trends

Siloam Hospitals TB Simatupang ("SHTS"), located in the city of South Jakarta in DKI Jakarta, in the Cilandak district. The hospital is well-connected by roads to the middle upper class residential areas of Pondok Indah and Cinere.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%¹⁰⁷. This downward trend is further impacted by the decline in domestic economic activity as a result of the PSBB policy, to prevent the spread of COVID.

Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion¹⁰⁸. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

The total positive COVID cases in South Jakarta, as of mid-October, has reached 2,285 cases. Cilandak, where SHTS is situated, has a total of 387 positive COVID cases. The regional government, Pemprov DKI, has appointed 14 referral hospitals¹⁰⁹ in South Jakarta for affected COVID patients, so that hospitals are not overtaxed with a high number of patients.

The largest industry contraction in Jakarta has been in the hotel accommodation industry at 34.8%, F&B industry at 23.4%, transportation industry at 20.5%, and the processing and trade industry at 13.6%⁷³. The contraction in various sectors is consistent with the contraction in domestic demand and total exports in the second quarter of 2020. Aligned with this contraction, the head of South Jakarta city Manpower and Transmigration sub-department, Sudrajat, has

¹⁰⁷ Bank Indonesia Regional Performance Report DKI Jakarta August 2020, Bank Indonesia, September 2020

¹⁰⁸ DKI Jakarta's Revenue Target Misses By 40.7 T due to Corona, CNN Indonesia, May 2020

¹⁰⁹ These Are 14 COVID-19 Referral Hospitals in South Jakarta, Antara News, September 2020

reported that there have been 5,410 workers terminated and 25,112¹¹⁰ workers forced to take a leave of absence.

In October 2020 an event was held by a government agency, the Jakarta Cilandak Branch of the Social Security Administration for Employment ("BPJAMSOSTEK"), an employee volunteering activity. This social responsibility initiative highlighted a "We Care, We Love, We Share" ¹¹¹ theme. The activity took place at the BPJAMSOSTEK Jakarta Cilandak business district. They distributed 'The new normal' care packs which included masks, hand sanitizers, and eucalyptus oil to the public, to show cohesiveness during the pandemic.

Despite the economic contraction, vOffice¹¹² who is a private virtual office player, opened new branches in TB Simatupang and four other locations to support individuals who are working remotely during the pandemic.

A financial services player, Bank Mandiri, has digitized their account opening process for both consumers and micro businesses, to assure clients of a contact-free service. They have received an average of 2,000¹¹³ accounts per day.

Government Support

The DKI Jakarta Provincial Government provided social assistance under Phase 7 of the social assistance plan post-COVID¹¹⁴. Social assistance was provided to the homes of 2.4 million vulnerable families affected by COVID, supplies in the form of basic necessities like rice and packaged food were provided. South Jakarta districts that received this aid include Kecamatan Cilandak, Jagakarsa, Kebayoran Baru, Mampang Prapatan, Kebayoran Lama, Pancoran, Setiabudi, Pasar Minggu, Pesanggrahan and Tebet.

The City Government (Pemkot) of South Jakarta received two tons of rice supplies as aid during the pandemic from the South Cilandak Branch of BPJS Ketenagakerjaa ¹¹⁵. This assistance was later distributed to residents affected by the COVID pandemic.

A retail bazaar was conducted for 1 week in October 2020 for 100 MSMEs, as part of an economic recovery plan by the South Jakarta Administration for Industry, Trade, Cooperatives, and SMEs (PPKUM)¹¹⁶. This concept by the government was to highlight the support given to businesses under an integrated entrepreneurship development, JakPreneur, during the pandemic.

The Fire and Rescue service (Disgulkarmat)¹¹⁷ supported three districts in South Jakarta (Jaksel) in a bid to curb the spread of the virus, by disinfecting the area in hopes of reducing the number of cases. The three districts included Cilandak, Setiabudi and Kebayoran Baru.

Future trends

There are six projects that are being planned in the infrastructure sector for DKI Jakarta. The National Economic Recovery Fund from PT SMF will be used to finance these projects which include Taman Ismail Marzuki (TIM), Jakarta International Stadium (JIS) and other projects to improve flood control, waste management, sanitation and the availability of potable water¹¹⁸.

There is also a planned initiative by the Ministry of Energy and Mineral Resources to increase the number of battery charging stations in Indonesia, in a bid to go electric and reduce pollution. The public electric vehicle battery exchange stations (SPBKLU) aims to allow motorbikes to

¹¹⁰Jakarta Imposes a Transitional PSBB, Following the Covid-19 Update in South Jakarta, Jaksel News, October 2020

¹¹¹ BPJAMSOSTEK Jakarta Cilandak Employees Distribute New Normal Kits, Indopos, October 2020

¹¹² Supporting Entrepreneurs in the Middle of the Covid-19 Pandemic, vOffice Opens Five New Branches, Tribune News, October 2020

¹¹³Mandiri Digital: Carefulness in "Surfing the Wave", Native Kontan, August 2020

¹¹⁴ Distribution of the Jakarta Provincial Government's COVID-19 Phase 7 Social Assistance Starts to Be Distributed, This is the Schedule, Detik News, September 2020

¹¹⁵ South Jakarta City Government Receives Two Tons of Rice, Berita Jakarta, May 2020

¹¹⁶ The Department of Industry, Trade, Cooperatives, Small and Medium Enterprises (PPKUKM) Holds Online Bazaar for MSME Economic Recovery, Jaksel News, October 2020

¹¹⁷ These are the Details of Locations of Spraying Mass Disinfectant in South Jakarta, iNews March 2020

¹¹⁸ DKI Jakarta Uses PEN Fund to Finance 6 Infrastructure Projects, Republika, November 2020

replace batteries available at these stations. The roadmap for this initiative is to reach 10,000 SPBKLU stations by 2025, and 15,625 SPBKLU stations by 2030¹¹⁹.

Siloam Group recent news and activity

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang¹²⁰. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Dr. Harijanto Solaeman President Director of SHTS mentioned in a press release that during the first few months of COVID the number of inpatients and outpatients had decreased by 50-60%, however since May the admissions have been improving¹²¹.

Additional facilities were constructed in four Siloam Hospital locations, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients¹²². The four Siloam Hospital locations are at Kebon Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These additional facilities were to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a PCR or swab test in Puri, Kemang and Cikarang¹²³. A private player, Bisnis Indonesia, also collaborated with SHTS to conduct rapid test for all of its employees as part of their safety precautions to curb the spread of the virus.

Asset Performance

SHTS falls under Region 1 as per the Siloam Hospital reporting terms, together with other hospitals in the Greater Jakarta Area. It is part of the 'mature' segment of hospitals, which means that these assets are profitable with a high potential for further capacity and growth.

Key Indicators

SHTS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

Beds

As of the end of 2019, SHTS had 269 beds, of which 99 were operational. As of Q3 2020 the hospital had increased to 101 operational beds.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHTS is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

Financial Performance

Located at one of the busiest parts of the capital, SHTS managed to establish a strong foothold in the healthcare market of Jakarta. It started operations in 2012 and has been competing with other established hospitals such as Rumah Sakit Pondok Indah, Fatmawati Hospital and Rumah Sakit Pertamina. Revenues of SHTS grew to approximately IDR 250 billion (FY19) while gross margin and net income margins were at approximately 27% and 5% respectively. These were significantly lower than other hospitals in the group's mature segment as this hospital faced significant competition from other premium hospitals in South Jakarta. At

¹¹⁹ Encouraging infrastructure to support electric vehicles, ESDM launched SPBKLU, Kontan, November 2020

¹²⁰ Siloam Launches Telemedicine, Home Care Services, Jakarta Globe, April 2020

¹²¹ Siloam Simatupang Prepares Online Services to Face New Normal, Republika, May 2020

¹²² Meikarta Builds Additional Buildings for Covid-19 Patients in 4 Locations of Siloam Hospital, Kabar Bisnis, April 2020

¹²³ May Day 2020, the Ministry of Manpower Collaborates with Siloam Corona Rapid Test for 1,000 Workers, Merdeka, 1 May 2020

inception, SHTS charged lower than industry pricing as part of its go-to-market strategy. Over the years, it has revised its pricing strategy and is on par with the peer hospitals which has helped with profitability.

Jakarta is the country's economic, cultural, and political centre. With a population of more than 10.7 million, it is the most populous city in Indonesia as well as in Southeast Asia. There is approximately 1 bed for every 345 people in Jakarta.¹²⁴ Evidently, the healthcare system cannot cope with so large a population, particularly so during the pandemic. The government had to make rooms available at Jakarta's Wisma Atlet and other three-star hotels because many hospitals in the Indonesian capital have reported full occupancy.¹²⁵ This is a clear indication that there is still lack of good quality healthcare service providers in Jakarta.

Utilization of the private healthcare services by the low income earners triggered by BPJS Kesehatan is another driver for the hospital industry. It is likely to enable the low-income citizens to receive free treatment at Jakarta hospitals, which is an untapped area for SHTS.

SWOT analysis

Strengths - Advanced Technologies: SHTS has a telemedicine infrastructure and is also providing home therapy during the pandemic, to reduce travel and contact, this may be a strong differentiator for the group - Strategic location: SHTS is located in a prime location, surrounded by affluent residential areas.	Weakness - Certification: There is currently no BPJS Kesehatan license at SHTS since 2019 - Building Capacity: The property does not have large parking area that can accommodate a large number of visitors and patients.
Opportunities - Government Support: The hospital may have a larger pool of patients due to the infrastructure projects that are upcoming and industrial area developments, there may be incoming patients through corporate referrals and insurance programs - Premium Products: There is the potential for SHTS to focus on the premium segment, to increase private based treatments catering to the affluent residential area - In the future the asset may have higher margins, since the BJPS license is no longer in effect, and there is a focus on the premium market	Threats - Pandemic effect: There are still high COVID cases in South Jakarta as compared to other regions, there is a level of uncertainty on when market stabilization will occur - Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment.

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

¹²⁴ How Many Hospital Beds Are in DKI Jakarta?, Databooks Katadata, March 2020..

¹²⁵ Main-hospitals-in-jakarta-report-full-capacity-amid-covid-19-surge-govt-to-use-3-star-hotels-for-quarantine, theStar.my

Outlook

SHTS is located in an opportunistic location, a high density area of South Jakarta with the Cilandak district being an affluent area.

If SHTS were to carry out strategic initiatives to target the premium segment, SHTS may see a positive impact to their business once the economy and social effects post-COVID returns to normal. On top of the premium segment, there is an opportunity for corporate medical check-ups and corporate insurance referrals since there are several planned infrastructure initiatives in the area.

4.1.9 Siloam Hospitals Lippo Village

Location trends

Siloam Hospital Lippo Village ("SHLV") is located in Tangerang city within the Banten province of Jakarta. It is one of the first townships in Indonesia, which means that it is a self-sustaining integrated development with schools, hospitals and retail spaces. SHLV is one of the first hospitals in Indonesia to obtain JCI accreditation, a hospital accreditation body for quality and service excellence. This hospital is a hub in Neuroscience, Cardiology, Radiology and Trauma for the Siloam network of hospitals, via real-time telemedicine and tele-radiology through which clinical information is transferred to specialists at other Siloam Hospitals.

The total number of positive COVID cases in Tangerang has reached 2,210 cases, of these cases 1,933 have recovered. As of end October 2020, there were still 212 active cases and 65 deaths.

In the first quarter of 2020 Banten's economy grew by 3.09% year on year, higher than the national economic growth of 2.97%. In the third quarter of 2020 Banten experienced a decline in economic activity at 5.77% , which was 5.90% for the same quarter in 2019.

The decline in economic growth in Banten from the demand side is mainly driven by the reduced consumption and net exports due to the pandemic. On the supply side, the decline is due to the contraction of major industries affected by the pandemic, such as manufacturing, construction, trade, transportation, warehousing and real estate. As a result of this contraction in supply and demand, 8,207¹²⁶ workers have been laid off in Tangerang city as of October 2020.

Government Support

Post COVID, the Tangerang Regency Government, Pemkab, introduced four schemes to help society and businesses handle the economic effects of the pandemic. They are an interest subsidy scheme, an agricultural assistance scheme, a fisheries assistance scheme and Sibamas- a capital assistance scheme for workers and businesses

To prevent further transmission of the virus, the Tangerang City Government has distributed 63,500¹²⁷ food packets. In May 2020, the mayor also distributed food packages to affected households amounting to a total of 2,451¹²⁸ packages. In an aim for households in the community to be self-sufficient, the Karawaci Taskforce supplied plant seeds to villages, these seeds included tomato, chilli and vegetables, and were taken from local markets. Residents used this supply to meet their food security needs during the pandemic.

All MSMEs and street vendors (PKL) are expected to receive financial assistance from the Tangerang City government amounting to IDR 2.4¹²⁹ million to mitigate the effects of a decline in consumption during the pandemic. Another initiative by the city government to aid MSMEs is

¹²⁶ Thousands who have lost their job due to Covid, Liputan6 Indonesia, July 2020

¹²⁷ City Government provides masks amidst the pandemic, Warta Banten, October 2020

¹²⁸ Tangerang City Government distributes food supplies in Karawaci, Tangerang News, May 2020

¹²⁹ MSMEs to receive assistance with certain conditions, Suara Banten, September 2020

to support businesses in their digitization efforts, with a focus on financial transactions between businesses and their customers and suppliers.

The Government of Indonesia (GOI) and non-bank financial institutions have collaborated to create a recovery strategy for tourism and creative economies through the development of a Fintech Business Matchmaking (FinBack 2020) initiative. This initiative aims to increase activity between the industry and potential investors or partners to boost revenue.

Future trends

The central government is accelerating a project to increase connectivity to the Jakarta area as well as to serve industrial areas in Serang and Cilegon. This toll road project is called the Serpong-Balaraja Toll Road and will span a length of 39.8km. The government is bringing forward this project with the aim of increasing employment and speeding up economic activity in these areas.

In addition to this, a future plan will be to develop the DKI Jakarta Provincial Railway Master Project (RIPP). This route is expected to be divided into 10 lines, bringing convenience and increased traffic to the residents. The date for this project has not been set as yet.

Siloam Group recent news and activity

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Additional facilities were constructed in four Siloam Hospital locations by Meikarta, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients¹³⁰. The four Siloam Hospital locations are at Kebun Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These additional facilities were to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a rapid test in Puri, Kemang and Cikarang¹³¹.

Asset Performance

SHLV falls under Region 1 as per the Siloam Hospital reporting terms, together with 8 other hospitals in the Greater Jakarta Area. It is part of the 'flagship' segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

Key Indicators

SHLV is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's net Gross Operating Revenue (NGOR) declined by 5% y-o-y.

Beds

The maximum bed capacity of SHLV is at 308 beds with 274 operational beds in December 2019, this remains unchanged as of Q3 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHLV is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

¹³⁰ Meikarta Builds additional buildings in 4 locations to house COVID-19 patients, Kabar Bisnis, April 2020

¹³¹ Siloam carries out rapid tests on May day, Merdeka, May 2020

SWOT analysis

Strengths - Brand Name: As SHLV is a flagship hospital it has a strong reputation in the region for providing quality healthcare services. - Leverage Siloam network: The asset has the ability to leverage on the strengths and network of Siloam Hospital's parent company. - Advanced Technologies: SHLV is able to rely on telemedicine infrastructure to better consult its patients during the pandemic. - Location: The Lippo Village Township is made up of diverse industries and it is an affluent catchment area.	Weakness Human Resource: This asset has a significant number of highly reputable specialist staff. The hospital has to take adequate measures to ensure they are retained.
Opportunity Government Support: The hospital may have a larger pool of patients due to the infrastructure projects that are planned in the future. Pemkab introduced 4 industry schemes to boost economic activity and inject capital into companies, this could aid purchasing power of the community in the long run.	Threat Pandemic Effects: There is a risk that once travel restrictions have been lifted and the pandemic has eased, patients may return to their pre-COVID doctors and hospitals overseas

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

SHLV is part of the 'flagship' segment for Siloam Hospitals. It is located in an opportunistic location, a high density area of South Jakarta with the surrounding regency largely encompassing an affluent population.

Currently, although there is widespread unemployment, the government has multiple initiatives to boost economic activity in the future. Planned infrastructure projects as well as industry led initiatives with the finance, tourism and creative industries may increase the number of job opportunities and accessibility to the region.

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4.1.10 Siloam Hospital Kebon Jeruk

Location Trends

Siloam Hospitals Kebon Jeruk (“SHKJ”) is strategically situated off the Jakarta-Merak toll road and serves the middle to high income population in the Kebon Jeruk district of West Jakarta. This hospital houses the Siloam Heart Institute, a cardiology centre of excellence on top of emergency, urology and orthopaedics centres of excellence.

As of October 2020, 70% of ICU beds in West Jakarta were occupied and 68%¹³² of all isolation rooms in the region have been taken. The number of COVID cases in Jakarta alone has reached 106,205¹³³ cases. Currently the highest number of active cases is from West Jakarta, with 60 active cases in Kebon Jeruk.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%¹³⁴. This downward trend is further impacted by the decline in domestic economic activity as a result of the Large-Scale Social Restrictions (PSBB) policy, to prevent the spread of COVID. Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion¹³⁵. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the transitional PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

To mitigate the spread of COVID and to educate the public on the importance of washing hands to stop the transmission of the virus, the Indonesia Red Cross has distributed 56¹³⁶ portable wash sinks in the West Jakarta area including Kebon Jeruk. This also helps facilitate the health protocol encouraged by the central government of the ‘3Ms’, namely washing hands, wearing of masks and maintaining safe distancing.

Government Support

Due to the pandemic, the West Jakarta Metro police has distributed 2.5 tonnes of rice to 500¹³⁷ households in Kebon Jeruk. The provincial government of DKI Jakarta had also distributed social assistance to residents affected by COVID, the assistance falls under Phase 8 of the post-COVID plan. This assistance includes rice, food and household items and was distributed in October 2020 to select districts, including Kebon Jeruk, in West Jakarta.

Future trends

The West Jakarta City government, DKI Jakarta Province is accelerating the construction of reservoirs; this project is planned to be completed at the end of 2020. Amongst other villages, Kebon Jeruk faces floods every year. To mitigate the effects of floods the Water Resources department has deepened waterways, built new connecting channels and made repairs to embankments and the walls of households that have been damaged by the flood. The government is also likely to build collage ponds in flood prone areas where in a high rainfall season these collages will serve as a reservoir.

Siloam Group recent news and activity

DKI Jakarta governor, Anies Baswedan, appointed SHKJ as one of the referral hospitals for COVID cases, there are currently 90 referral hospitals in Jakarta as at the end of October 2020¹³⁸.

¹³² 70% of Covid special beds in West Jakarta have been occupied, Megapolitan, October 2020

¹³³ Positive distribution of COVID cases, iNews, November 2020

¹³⁴ Regional Performance report, Bank Indonesia, September 2020

¹³⁵ Due to Covid DKI Jakarta revenue targets drop, CNN Indonesia, May 2020

¹³⁶ Dozens of wash basins donated to prevent spread of COVID, WartaKota, August 2020

¹³⁷ In reducing the effects of COVID, Polres distributes rice, Tribune News, November 2020

¹³⁸ Anies Baswedan adds Covid referral hospitals, 90 in total, Metro Tempo, November 2020

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Additional facilities were constructed by Meikarta in four Siloam Hospital locations, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients¹³⁹. The four Siloam Hospital locations are at Kebon Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These facilities were built to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a PCR or swab test in Puri, Kemang and Cikarang¹⁴⁰.

Siloam Hospital has been conducting webinars during the pandemic to connect with the public as well as to educate them on how to stay healthy. One example is when Dr. Karina Besinga, from SHKJ, conducted a discussion under the Orthopaedic and Traumatology practice on external and internal factors needed to mitigate the disease.

Asset Performance

SHKJ falls under Region 1 as per the Siloam Hospital reporting terms, together with 8 other hospitals in the Greater Jakarta Area. It is part of the 'flagship' segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

Key Indicators

SHKJ is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's net Gross Operating Revenue (NGOR) declined by 5% y-o-y.

Beds

The maximum bed capacity of SHKJ is at 285 beds with 214 operational beds in December 2019, this remains unchanged as of Q3 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHKJ is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

SWOT analysis

Strengths	Weakness
- Brand Name: Strong Siloam Hospitals Branding that is recognized by the surrounding area - Location: SHKJ is situated in a good location with access to a captive demographic. - Centre of Excellence: The Siloam Heart Institute located here is recognized nationally.	- Building Capacity: Property has limited space for capacity expansion - Parking area is limited - Certification: BPJS Kesehatan license is no longer in effect

¹³⁹Meikarta builds new buildings at 4 Siloam locations, Kabar Bisnis, April 2020

¹⁴⁰ Siloam performs rapid tests at May Day event, Merdeka, May 2020

Opportunity	Threat
- Product Premiumization: Full private patients could mean higher margins for the hospital. There is an opportunity for further premiumization of treatments and services - Location: Catchment area is an affluent one where targeted marketing on premium services could prove successful	- Pandemic Effects: COVID cases in West Jakarta are still high - Uncertain when economic activity will return to normal - Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment. - Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment.

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

SHKJ is part of the 'flagship' segment for Siloam Hospitals. It is located in an opportunistic location, in a densely populated area of West Jakarta with the surrounding regency encompassing largely middle to high income population.

With several projects by the government targeted at flood control and mitigating its effects on households and traffic, this will bring economic activity, employment and human traffic to Kebon Jeruk, which could mean higher patients for SHKJ.

4.1.11 Siloam Hospital Surabaya

Location Trends

Siloam Hospitals Surabaya ("SHS") is located in the metropolitan area of East Surabaya in the Gubeng district, surrounded by a business and shopping district.

In August 2020, the city of Surabaya performed a self-assessment check to determine the risk faced by the spread of COVID. The result of this assessment showed that the city falls within a low risk category with a value of 2.43¹⁴¹. The assessment includes 14 factors and was provided by the central Ministry of Health in Indonesia.

The total number of COVID cases in the city of Surabaya has reached 16,108 with 1,175 deaths; in East Java the total number of cases has reached 53,518 cases¹⁴². However, as of November 2020, Surabaya has zero new cases in more than half of its 154 districts¹⁴³.

The economic growth in East Java (Jatim) witnessed a y-o-y contraction of 5.9% in the second quarter of 2020. The core industries that contribute to the GDP in East Java are the processing industry at 30.05%, trade and vehicle repair at 17.40% and agriculture, forestry and fisheries at 14.11%. The highest industry contractions due to the pandemic include professional services at 14.13%, F&B and accommodation at 18.61%, trade and vehicle repair at 12.25% and the processing industry at 5.83%. The only three industries that recorded growth during the

¹⁴¹ Surabaya is in the low risk category for spread of Covid, Detik News, November 2020

¹⁴² Coronavirus update in East Java and Surabaya, Surya news, November 2020

¹⁴³ Surabaya Reports Zero Covid-19 Cases in More Than Half of Its Subdistricts, Tempo, November 2020

pandemic are the communications sector at 10.39%, health services at 8.95% and the agriculture, forestry and fisheries sector at 7.46%.¹⁴⁴ As a result of this contraction, 497 workers have been laid off (PHK) and 1,594¹⁴⁵ have forced leave of absence.

The government of the city of Surabaya made an announcement in July 2020 which encourages business owners in the F&B sector to continue investment and growth plans despite the pandemic. The Chairman of the East Java Indonesian Shopping Centre Management Association, APPBI, said that F&B is having an upward trend since July 2020 with expansion of new outlets or investment in existing outlets.

As a social initiative during the pandemic, KAI provided free transport vouchers for teachers and health workers to use in the month of November 2020. Another private transport player, Grab, has implemented a merchant enhancement initiative for MSMEs in October 2020. These initiatives were carried out on a Grab Online Bazaar that brought together 52,000 partners on GrabFood, GrabMart, GrabExpress and GrabKios in 16 cities including Surabaya.

A media company, Radio Suara Surabaya, collaborated with UMKM, East Java Government and the Surabaya COVID Task force to conduct programs and talk shows on social media, to engage and educate their listeners about safety measures during the pandemic. The director, Errol Jonathan, released a statement that the revenue of its media companies fell 40-60% from May to October 2020 due to the pandemic¹⁴⁶.

Government Support

Part of the East Java economic recovery strategies to encourage economic recovery is to focus on social protection, enhance purchasing power amongst residents, capital aid for MSMEs and business incentives for employment.

Based on the Integrated Social Welfare Data (DTKS), the community will receive case assistance of IDR 600,000 per household per month for three months; the total disbursement is aimed at IDR 67.5 billion¹⁴⁷.

The Surabaya City Government has launched a certification manual in collaboration with the Ministry of Health and Ministry of Tourism and Creative Economy of Indonesia. This certification is for businesses to follow so as to give confidence to tourists to visit Surabaya and hence boost the economy.

The governor and supervisor of the East Java Regional National Craft Council, Dekranasda, has called for initiatives to support digital literacy for MSMEs, in East Java. This is so that with digital transformation, products can be widely sold online in both the national and international markets.

The city government in Surabaya, Pemkot, monitors residents by using CCTV cameras, for surveillance on those who violate health and safety protocols such as mask wearing and maintaining safe distancing.

Future trends

A train development project between Japan and Indonesia took place at the end of September 2019. The concept of the Jakarta-Surabaya semi-fast train was included in the National Strategic Project (PSN) which is regulated in Presidential Decree 3/2016 concerning the Acceleration of Implementation of National Strategic Projects (PSN) as last amended by Presidential Regulation of the Republic of Indonesia Number 58 of 2018¹⁴⁸. With the Jakarta-Surabaya semi-fast train project, the travel time from Jakarta to Surabaya will be shortened by 5.5 hours.

¹⁴⁴ Economy in East Java declines by 5.9% in quarter two, Tribune Surabaya, November 2020

¹⁴⁵ In Surabaya more than 497 have been laid off and 1594 people sent home, JawaPos, June 2020

¹⁴⁶ 18 crew at Radio Suara tested for COVID, PRFM News, September 2020

¹⁴⁷ Cash and rice social assistance in Surabaya distributed effectively, Tasik Malaya, October 2020

¹⁴⁸ Announcement on the semi-fast train in Indonesia, Tribune News, October 2020

Siloam Group recent news and activity

SHS is one of the referral hospitals for COVID patients, with beds reserved for active cases. The hospital donated personal protective equipment to the East Java Police including 20,000 face masks, 1,000 face shields and 5,000 gowns¹⁴⁹.

SHS is in collaboration with the Employment Social Security Administration (BP Jamsostek) Surabaya on educating on the risk of spreading the virus to BP Jamsostek participants as a social awareness initiative.

This hospital held a rapid test for 200¹⁵⁰ members of the Journalist and Cultural community on in September 2020, as part of the government's campaign to educate society on 3M protocols in the pandemic. These protocols include mask wearing, maintaining social distancing and washing hands.

Asset Performance

SHS falls under the Region 3 cluster as per Siloam Hospitals' reporting terms, together with other hospitals in the region of East Java, Bali, West & East Nusa Tenggara and Timor. SHS is a part of the 'mature' segment of the business.

Key Indicators

SHS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

Beds

The maximum bed capacity of SHS is at 160 beds while operational beds reduced from 147 in December 2019 to 124 as of Q3 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHS is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

SWOT Analysis

Strengths Strategic location: SHS is located in one of Surabaya's main roads with proximity to business and shopping districts, as well as being surrounded by many diplomatic consulates. The location eases access for existing or potential patients in seeking quality HCS.	Weakness - Aged Building: The hospital building is old and will require significant capital expenditure for refurbishments. As it is an old facility, this could make it difficult to retain staff. - Road Subsidence: A road subsidence event which occurred in December along Jalan Raya Gubeng, near SHS.
Opportunities Rising per capita income and affluent population: Surabaya is second only to Jakarta as Indonesia's most economically	Threats Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk

¹⁴⁹ Siloam Hospitals donates to the East Java Police, Jakarta Globe, June 2020

¹⁵⁰ Siloam Hospitals with the presidential staff office holds Covid testing, Berita Lima, September 2020

developed cities, leading to higher per capita income which provides patient pool for the hospital. ▪ Growing Industrial area: Greater Surabaya areas, including Gresik and Sidoarjo, have been among the most prominent industrial cities in Indonesia. Industrial growth has enhanced the population's ability to pay for quality HCS and thus, provides SHS with lucrative market potential. ▪ Industry Strength: Surabaya is home to many key business establishments such as PT Sampoerna, PAL Indonesia and Unilever Indonesia; this could be opportunistic for the hospital for corporate referrals. ▪ Central Location: Surabaya is an attractive hub as the second largest city by GDP in Indonesia and connecting East and West Indonesia via their port facilities. This gives rise to future business opportunities to be based here, increasing employment and potentially the number of business hubs in the city.	that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SHS

Source: Secondary research and primary interview with Management Representative of Siloam

Outlook

With Surabaya city in the low risk assessment for the spread of COVID, economic recovery is likely in 2021. The economy is not dependant on only one main industry for growth or economic activity, but diversified across industries like shipbuilding, heavy equipment, food processing, agriculture, electronics, home furnishings, and handicrafts. This diversification makes it easier for growth to return to normal.

With initiatives to digitize MSMEs to trade nationally and internationally, the city has a multi-prong strategy for growth. With the return to normal, this could provide SHS with potential increase in demand.

4.1.12 Siloam Hospitals Kupang

Location trends

Siloam Hospitals Kupang ("SHKP") is located in the capital of East Nusa Tenggara (NTT) province and serves the surrounding areas of Flores, Sumba and Rote-Ndao Islands. This hospital is considered to be a BPJS Kesehatan hospital, which means that more than 60% of its revenue is derived from BPJS patients.

Kupang is part of the Timor-Leste– Indonesia– Australia Growth Triangle partnership or TIA-GT. This growth zone was established in 2016 to boost trade and investments, connectivity and tourism. Two of the objectives under the TIA-GT were to increase tourism between Darwin and Bali to Kupang and its surrounding areas. Another objective was to promote the development of manufacturing, agriculture, fisheries, and education sectors¹⁵¹ between the partnership

¹⁵¹ Boosting growth through the Growth Triangle, Government of Timor-Leste, April 2016

Kupang has a total of 211 active COVID cases as of end October 2020¹⁵² with the regional total for the NTT province at 768 cases. Y-o-Y economic growth in the province declined by 1.96% in the second quarter of 2020. The economic contraction is directly due to the pandemic, with the decline in private and government consumption. Industry performance also declined in the agriculture, forestry and fisheries, wholesale and retail trade, vehicle repair and construction sectors.¹⁵³ The economy is projected to recover in the third and fourth quarter of 2020 with the acceleration of economic growth being driven by an improvement in domestic demand³.

Kupang City was recorded to have experienced the highest deflation in Indonesia as of August 2020, amounting to 0.92 percent. This deflation was largely attributed to the decrease in price index of food, beverage and tobacco¹⁵⁴. The calculation of the Consumer Price Index (CPI) in Kupang decreased from 103.43 in July 2020 to 102.48 in August 2020⁴.

Government Support

The government of Kupang City has initiated an online training programme for 5,000 youths in September 2020, in hopes that it will generate economic benefits at a later stage if youths want to start up businesses.¹⁵⁵

To support the population of Kupang during the effects of COVID, the government has prepared a budget of more than IDR 75 billion sourced from the APBN and APBD. There is also a basic necessities food assistance budget of IDR 48 billion and a social rehabilitation budget of IDR 822 million⁶.

Families who have been affected by the pandemic are likely to receive social assistance in the form of rice from the Indonesian Ministry of Social Affairs; this assistance is part of the social safety net (JPS) programme to mitigate the impact of the Covid on society. The distribution of 510,795 tonnes of rice is from October to December 2020 and spread over 6 districts¹⁵⁶.

To cater to basic water requirements of households in Kupang, the central government has provided a budget of IDR 189 billion to the Kupang City government. This will be used to build the Kali Dendeng Dam, which will be used to serve the needs of an estimated 1,500 families¹⁵⁷.

Future trends

The NTT provincial government will take a regional loan of IDR 1.5 trillion¹⁵⁸ from the National Economic Recovery Program (PEN). This will provide capital aid for infrastructure projects and recovery of economic activity due to the pandemic. The five areas this loan will be used in are the development of regional road infrastructure, including drainage and water networks, the agriculture, livestock and fisheries sector and social forestry developments.

The provincial government is also planning for the future of tourism and its recovery with 3 strategies. Firstly to increase partnership with the Association of The Indonesian Tours and Travel Agencies (ASITA) network, secondly to create a digital marketing and sales platform for the tourism and creative industries, and lastly to partner with global digital companies in the tourism sector, like Traveloka Indonesia¹⁵⁹.

Siloam Group recent news and activity

The Kupang City deputy mayor announced that further collaboration between the government and private hospitals was needed in order to cater to the healthcare demands of the population. With this he announced funding for a MRI machine for SHKP, to add to the neurosurgical

¹⁵² NTT Covid 19 Update, Pos Kupang, November 2020

¹⁵³ East Nusa Tenggara Province Economic Report, August 2020

¹⁵⁴ Deflation in Kupang City in August is the highest nationally, Pos Kupang, September 2020

¹⁵⁵ Kupang Government focuses on restoring economy amidst the pandemic, NTT Online Now, September 2020

¹⁵⁶ Mayor of Kupang Launched Distribution of Rice Social Assistance, NTT Online Now, September 2020

¹⁵⁷ Construction of Dendeng Kupang River Dam at 189 billion, Bali Bisnis, August 2020

¹⁵⁸ NTT Provincial Government Will Borrow 1.5 Trillion PEN Fund to Build Infrastructure and Investments, Radar NTT, October 2020

¹⁵⁹ NTT Prepares 3 steps to tourism recovery, MedCom, October 2020

facilities there. This is so that residents of the area do not need to travel elsewhere e.g. Jakarta in order to obtain scans.

In order to better meet the public needs and affordability, the management at SHKP has reduced the cost of the COVID rapid test from IDR 480 thousand to IDR 350 thousand.

In order to provide stable power for the hospitals' operational needs and to prioritize patient comfort, the management has signed a Power Purchase Agreement ("SPJBTL") with PLN for 3,465 KVA, with the aim of having continuous power at the hospital.

Asset Performance

SHKP falls under the Region 3 cluster as per Siloam's reporting terms, together with other hospitals in the regions of East Java, Bali, West and East Nusa Tenggara and Timor.

This asset attributes a large proportion of its revenue from the BPJS health insurance group under the government, as it caters to the local population. This is one of the two predominantly BPJS Kesehatan payor group hospitals, together with Siloam Hospital Purwakarta.

Key Indicators

SHKP is classified as a BPJS hospital. Within the BPJS hospital segment, we are given to understand based on 3Q 2020 data, the BPJS segment's net Gross Operating Revenue (NGOR) declined by 4% y-o-y.

Beds

The maximum bed capacity of SHKP was at 416 beds while operational beds declined from 140 in December 2019 to 134 as of Q3 2020. The bed capacity has also decreased to 329 as of 3Q 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHKP is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

Financial Performance

Established in 2014, SHKP is one of the two hospitals in the group portfolio that are BPJS Kesehatan focused, i.e., more than 60% of its revenue is derived from BPJS Kesehatan patients. As per Siloam's 3Q 2020 presentation, BPJS-focused hospitals have been witnessing declining profitability. EBITDA margins that were around 20% in 2017 are trending downward to 12% (FY18), 9% (FY19) and 9% (9M20). This despite the fact that the segment recorded the highest occupancy rates among other segments at around 61%. Frost & Sullivan is of the opinion that this is expected as profitability is not central for BPJS focused hospitals and growth is expected to be steady. It is of noteworthy mention that BPJS-focused hospitals only contributed marginally to overall group's financials at around 4% EBITDA in aggregate.

SHKP was founded on the following premises,

- i) to lever the implementation of BPJS Kesehatan scheme; and
- ii) To turn SHKP into a referral centre for neighbouring regencies and cities.

Frost & Sullivan opines that while SHKP has successfully put in place the BPJS Kesehatan program as reflected by its patient mix, it may take a while to ensure profitability. Historically, major impediments to the region have been mobility and accessibility issues. However, this is expected to be significantly reduced in the forecast period as government is continuously striving to improve infrastructure in both Kupang and NTT.

SWOT Analysis

Strengths Advanced Technologies: SHKP will be the only hospital in the NTT region with advanced technologies such as enhanced MRI facilities; future patients for stroke related diseases may come here.	Weakness Human Resource Challenges: Due to the remote nature of Kupang City, it is hard to hire and retain doctors for this hospital.
Opportunities - Regional population: With several areas in the NTT province needing high quality healthcare in a close proximity, they could be attracted to SHKP's services with adequate marketing done by the hospital. - Government support: With the deputy mayor of Kupang City making public announcements for intended partnerships with SHKP, this will improve local perception and trust in the hospital. - With several planned government led projects across 5 industries for NTT and Kupang, the increased traffic and economic activity may bring a future patient pool to SHKP.	Threats - Branding: The strength of branding that is prevalent at other Siloam Hospital locations is not too certain here. The brand name could symbolize a higher price or foreign name instead of providing the locals comfort. - Perception of services: Patients may choose to go to private hospitals outside of Kupang with the perception that SHKP may not be able to handle complex cases. - Premiumization of products: Owing to the current demographic and patient pool of SHKP, there is a minimal chance of premiumization of services and treatments, but a greater likelihood of focusing on BPJS Kesehatan patients.

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

Outlook

With a multi-pronged approach taken by the government to boost growth in a diversified set of industries, economic activity in Kupang is set to grow.

This is further stated in the regional economic report whereby consumption and economic activity has been steadily rising in Q3 2020 and potentially in Q4 2020 in Kupang, as a result of increase government and consumer expenditure.

The support from government representatives in collaborating with SHKP to enhance quality of healthcare in the region is likely to augur well for SHKPs' brand image and credibility in the minds of the public.

4.1.13 Siloam Hospitals Sriwijaya

Location trends

Siloam Hospitals Sriwijaya ("SS") is located in Palembang City, a major port city and the capital of South Sumatra.

The economic activity in Palembang is largely driven by manufacturing and construction accounting for 33% and 18%¹⁶⁰ of GDP respectively, followed by other sectors such as

¹⁶⁰ Central Statistics Agency 2017

transportation, trading and services. As a business hub for South Sumatra it serves a point of trade and services from neighbouring cities such as Jambi, Bengkulu, Bangkar Belitung and Lampung.

As of end October 2020, there were 11 additional COVID cases in Palembang City, bringing the total number of cases to 3,401¹⁶¹. The Palembang City government announced in November the number of deaths per day has been 1 to 3 cases, as compared to 2 months ago where the total had reached 18 deaths a day¹⁶².

In the second quarter of 2020, in South Sumatra, the economic growth contracted by 1.37%, down from the first quarter which grew at 4.98%⁴. This slowdown was largely caused by the decline in household consumption and a decline in investments and foreign exports. Industries in the region like processing and mining also contracted, whereas agriculture, forestry and fisheries still had growth in the second quarter, but at a slower pace. As a result of the overall economic contraction 612 workers were laid off while 7,020 were forced on a leave of absence¹⁶³.

To mitigate the impact of COVID to the economy, government consumption and manufacturing capacity has increased. This is expected to balance the decline in economic growth.

To improve in human capital and skills during the pandemic, BPJAMSOSTEK has implemented a vocational program for working in the city to help those who have been laid off due to COVID. In 2020 the target number of vocational training is 500 students¹⁶⁴.

Government Support

The Palembang City Health Office (Dinkes) has created collaboration with two companies¹⁶⁵ to manage medical waste from COVID affected patients for healthcare facilities that do not have incinerators.

The South Sumatra governor, Palembang City mayor and the Minister of Marine Affairs and Fisheries inaugurated the first modern fish market in the city, an initiative aimed at reviving small and medium businesses- currently a total of 164 traders¹⁶⁶ operate in this market.

Future trends

The NTT provincial government will take a regional loan of IDR 1.5 trillion¹⁶⁷ to inject capital into infrastructure and investments in the province, to boost the economy. The government of Palembang City is injecting IDR 4 trillion into seven infrastructure projects that are planned to start in 2021. These projects are aimed to address current challenges around transportation and water basin restoration and retention.

Siloam Group recent news and activity

SS is working closely with the Lippo Group in order to build an emergency room for COVID patients. This facility will be using the parking yard at the adjacent Lippo Mall, so it is separate from the hospital main building. It is intended to hold 60 beds in total, including 15 ICU beds and 5 ventilator units. Additionally there will be 42 ward rooms for patients who have recovered but are under supervision¹⁶⁸.

Both Siloam Sriwijaya Hospital and RK Charitas Palembang Hospital have set a new rapid test tariff, taken from central government guidelines, of IDR 150 thousand¹⁶⁹.

¹⁶¹ Cases in Palembang increase by 50 people, Tribune News, October 2020

¹⁶² The number of bodies in Gandus cemetery decreases, Sumatra Business, November 2020

¹⁶³ Economic report for South Sumatra, August 2020

¹⁶⁴ BPJamsostek opens vocational training amidst COVID lay offs, Urban ID, August 2020

¹⁶⁵ Managing waste in 42 puskesmas for COVID, Suara Sumsel, October 2020

¹⁶⁶ PIM helping the society in COVID, Sriwijaya TV, November 2020

¹⁶⁷ NTT Provincial Government Will Borrow 1.5 Trillion PEN Fund to Build Infrastructure and Investments, Radar NTT, October 2020

¹⁶⁸ Special room for Covid-19 patients in mall parking yard, Sri Poku, May 2020

¹⁶⁹ Tariff added for rapid testing of RP 150,000, Palembang Tribune, July 2020

Due to the large demand in the region and in Palembang City, an IVF clinic was planned at SS this year. However due to the emergence of COVID and its effects, this plan has been postponed and a date for the opening has not been determined as of November 2020. When it does start operations, this will make it the only clinic for IVF in South Sumatra. Previously a patient would have to go to Jakarta or overseas if they needed IVF treatment. A director at the hospital, Dr. Bona Fernando, believes that there is a large captive demographic for this service in the region once the clinic commences.¹⁷⁰

A collaboration between Garuda Indonesia and SS in October 2020 provided vouchers for rapid tests that could be done at the hospital, at a discounted rate of IDR 90 thousand¹⁷¹.

Asset Performance

SS falls under the Region 5 cluster as per Siloam's reporting terms, together with other hospitals in Sumatra.

This asset is considered as a 'mature' hospital, which means that it is profitable with a high potential and further capacity for growth.

Key Indicators

SS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

Beds

The maximum bed capacity of SS was at 357 beds as of December 2019 while operational beds decreased from 170 in December 2019 to 159 as of Q3 2020. The bed capacity has also decreased to 220 as of 3Q 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SS is classified within Region 5 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 46% whereas the outpatient volumes declined by 34% y-o-y.

Financial Performance

Spearheaded by the growing economy of Palembang, SS has recorded a strong growth since its inception in 2012. In the past 5-years, its revenue grew from approximately IDR 135 billion (FY14) to approximately IDR281 billion (FY19), at an average annual growth of approximately 16%. Gross margins and net margins grew from approximately 1% and 24% to approximately 13% and 38% respectively over the same period. It is also one of the hospitals in the portfolio with healthy growth of IPD traffic as reflected by their growing operational beds from 135 beds in 2014 to 159 beds currently. Frost & Sullivan is of the opinion that SS strategy to tie-up with companies and the development of industrial clusters in Palembang has helped SS to record healthy growth over the years.¹⁷²

Palembang is Sumatra's economic powerhouse and SS is expected to ride on Palembang's economic success story. Palembang is one of the oldest cities in Indonesia and Frost & Sullivan is of the opinion that its recently emerging reputation will hold good in the forecast period and is likely to augur well for the overall healthcare sector in Palembang.

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¹⁷⁰ Siloam Sriwijaya opens first IVF clinic in South Sumatra this year, Tribune Sumsel, January 2020

¹⁷¹ Rapid Tests at Siloam Sriwijaya bundled with Garuda Ticket, Tribune Sumsel, October 2020

¹⁷² Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment

SWOT Analysis

Strengths Regional Capability: SS will be the only hospital in the South Sumatra region with an IVF clinic; this may attract patients in the city and surrounding areas to visit this clinic instead of flying to Jakarta or other countries.	Weakness Pandemic Effects: Due to COVID, expansion plans for this asset has been temporarily halted.
Opportunities - Government support: Infrastructure projects across the city to improve accessibility could help in job opportunities for residents, improving the economy. - First Mover advantage: SS could be the first hospital in the South Sumatra region to have an IVF specialty clinic, capturing a captive demographic for all IVF needs instead of patients travelling to Jakarta or overseas.	Threats Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SS.

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

Outlook

Despite the overall slowdown in economic activity in Palembang, there is a mild recovery in agriculture, forestry and fisheries¹²⁷, due to the diversified nature of industries in Palembang, this could balance the effects of the pandemic and support growth in the long term.

With the high amount of government expenditure in several projects on a provincial and city government level, this is being done with the aim of increasing job opportunities, improving purchasing power and household consumption, thus improving economic activity. Initiatives that help the community and MSMEs like the integrated modern fish market aims to bring not only economic activity but also a sense of community after all social restrictions are lifted.

4.1.14 Siloam Hospital Purwakarta

Location trends

Siloam Hospitals Purwakarta ("SHPW") is based in the capital city of Purwakarta, in Purwakarta regency of West Java. The hospital is located at Jalan Raya Bungursari, which is easily accessible by the residential and industrial areas of the city.

This hospital is considered to be a BPJS hospital, which means that more than 60% of its revenue is derived from government health insurance, BPJS patients. The Purwakarta city has

a total of 629 positive cases, and 30 deaths¹⁷³. In October 2020, Micro Scale Social Restrictions, (“PSBM”) was lifted. However, the reduction of stricter measures resulted in the number of cases rising with a total of 227 positive cases that emerged after this. This led to he Purwakarta Regency government implementing the PSBM once again as of 10th November 2020 in five sub-districts¹⁷⁴.

The impact of COVID has caused an economic slowdown in West Java. In the second quarter of 2020 growth contracted by 5.98%, largely attributed by a reduction in both private and government expenditure. The contraction in West Java is larger than the y-o-y national decline of 5.32%¹⁷⁵. For domestic demand, the decline in household consumption is in line with the weakening purchasing power, due to the rising unemployment during the pandemic. In addition, the implementation COVID restrictions have resulted in limited community activities for the second quarter of 2020.

The Purwakarta Regent, Anna Ratna Mustika, announced in a press release that before the pandemic the number of unemployed was estimated at 6,000 workers. Now due to the pandemic an additional 4,000 workers have been forced on a leave of absence and 2,000 workers have been terminated.

In 2021, the economy of Purwakarta is likely to grow by 5.54%¹⁷⁶ against the backdrop of infrastructure plans and the upcoming 1,200 hectare industrial area which has the potential to accommodate 200 companies. As Purwakarta is within a business and industrial area, the government predicts that this target can be reached, significantly reducing the number of unemployed in the region.

Government Support

The Purwakarta Regency government has implemented initiatives to help deal with the impact of COVID to the economy. One of these initiatives is job training conducted by the Purwakarta Manpower and Transmigration Service (“Disnakertrans”) for individuals who are affected by the pandemic and have lost their jobs. Another initiative is a collaboration between Disnakertrans and the Purwakarta Indonesian Workers Union (“SPSI”) to provide job placement and training for those that are unemployed.

The Social Service office in Purwakarta is providing assistance to employees who have been laid off as a result of economic contractions during the pandemic. Assistance amounting to IDR 2 million¹⁷⁷ was given for 1,000 employees who were laid off.

As part of social assistance, the BULOG ciwangi warehouse has provided rice supplies for 30,414 individuals that have been affected by COVID in Purwakarta Regency. A total of 47¹⁷⁸ tonnes of rice has already been distributed to two districts as of September 2020.

Large infrastructure projects were carried out by the Indonesian National Armed Forces, TNI, in Purwakarta such as construction activities in seven roads in the Campaka District across 2.2km, seven roads in Purwakarta regency, as well as a temporary bridge connecting Cijunti Village to Campaka District¹⁷⁹.

Future trends

The Purwakarta City government has stated that it is committed to strengthening the economy post-COVID to improve the income and employability of its residents. The focus for 2021 is to promote independent industries that are environmentally friendly and to also increase initiatives to strengthen the tourism sector.

¹⁷³ Rising cases in Purwakarta for COVID, Jabarprov, November 2020

¹⁷⁴ Purwakarta returns to PSBM measures, Republika, November 2020

¹⁷⁵ Economic report for West Java, August 2020

¹⁷⁶ Purwakarta targets growth beyond 2020, Jabarprov, February 2020

¹⁷⁷ Layoff victims provided cash social assistance, Republika, October 2020

¹⁷⁸ Rice supplies provided to districts in Purwakarta, Kemsos Indonesia, September 2020

¹⁷⁹ The rapid development of infrastructure in Purwakarta is due to the involvement of the TNI, Purwakarta News, October 2020

With several infrastructure projects in place that will improve the accessibility of Purwakarta City in the regency, the government aims to increase collaboration with tourism and creative industries in the region, to increase the number of product centres for culinary, souvenirs and other creative economies.

Siloam Group recent news and activity

SHPW is one of the appointed referral hospitals for handling COVID patients. The hospital has special rooms for patients under supervision, while active cases are in a building separate from the main hospital building. Steps have been taken to ensure occupational health for all staff members directly dealing with COVID patients, such as providing a residence for staff in the nearby area and conducting frequent rapid tests.

The hospital has implemented a Clean and Safe Hospitals program that prioritises the safety and health security of visitors and patients seeking treatment, to prevent the possible transmission of the virus.

Asset Performance

SHPW falls under the Region 2 cluster as per Siloam's reporting terms, together with other hospitals in the West and Central Java region.

This asset attributes more than 60% of its revenue from the BPJS Kesehatan health insurance group under the government, as it caters to the local population. This is one of the two predominantly BPJS Kesehatan payor group hospitals, together with Siloam Hospital Kupang.

Key Indicators

SHPW is classified as a BPJS hospital. Within the BPJS hospital segment, we are given to understand based on 3Q 2020 data, the BPJS segment's net Gross Operating Revenue (NGOR) declined by 4% y-o-y.

Beds

The maximum bed capacity of SHPW was at 235 beds while operational beds declined from 228 in December 2019 to 224 as of Q3 2020. The bed capacity has increased to 245 as of 3Q 2020.

Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHPW is classified within Region 2 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 25% whereas the outpatient volumes declined by 24% y-o-y.

SWOT Analysis

Strengths - Increasing Capacity: With the current demand, the asset may increase in bed capacity in the near future to match with the rising demand in the area - Location: The asset is in a good location to cater to the regions' demand and it has seen steady growth in capacity with the BPJS Kesehatan demographic.	Weakness Pandemic Effects: It is uncertain when the growth of this asset in Purwakarta will normalize to its pre COVID levels
Opportunities Government support: Industrial area	Threats High Unemployment: Purwakarta is

that is planned for 2021 may bring an influx of businesses to the City, accordingly potential patient pools from corporate insurance and referrals. ▪ Accessibility: With large infrastructure projects being carried out by the military, in 2021 the hospital may see higher incoming patients from the surrounding areas.	facing high unemployment post COVID, residents may not be able to afford elective medical procedures unless it is an emergency.

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

Outlook

With multiple projects underway to boost economic activity in Purwakarta, their economic growth projection is targeted to increase in 2021. With potentially lower unemployment and spending power from the residents together with corporate referrals, SHPW could see an increase in patients in 2021.

When the PSBM restrictions are lifted, consumption by the private sector may increase, bringing greater economic stability in the community for Purwakarta City.

4.2 CONCLUSION

Based on the findings for the profiles above, comparatively, the 'ramping up' segment of hospitals in Labuan Bajo, Buton and Yogyakarta have the potential to grow at a faster rate than the hospitals in the 'mature' and 'flagship' segments. This is also because these assets are starting from a lower revenue base, since they have only been operating for the last 2-4 years. The growth in this segment, at a y-o-y NGOR increase of 145% in 3Q 2020, is also due to the increased number of patients and testing being done on the ground during COVID. Patients who have visited these hospitals during this pandemic may have the chance to realise the standards of quality and safety and may continue to seek treatment at these hospitals even after the pandemic has ended.

Within the BPJS Kesehatan hospitals, there are central government plans to restrict the class or wards that patients are allowed to choose in the future, to Class C wards only. Should this happen, there is likely to be a reduction in patients upgrading to private classes or having the choice of the ward they would like to stay in. This may lead to lower margins being recognised by private healthcare players for the BPJS Kesehatan demographic. Siloam Hospitals in this segment, which are SHPW and SHKP, are performing well with a high occupancy rate and do have the potential to further increase capacity.

There are several initiatives being carried out in the 'mature' hospital segment and its cities not only by the government on a regional level but on a city level as well, in hopes to boost economic activity and promote the diversification of industries. This may improve employment, household consumption and the economy in the long run. Cities that are highly dependent on one industry, for example tourism, may take longer to recover. This is with the view that government restrictions on when travel may ease are uncertain. With a large number of related industries and businesses dependent on one industry, the economy may take longer to recover.

For the 'flagship' hospitals, their strength lies in a captive demographic, good location and a strong brand name and reputation. During the pandemic these hospitals, with their centres of excellence, could benefit from an inflow of patients who may have travelled overseas for treatment, but now visit this segment of hospitals owing to restrictions surrounding travel and tourism. For instance, for MRCCC, a restriction on global travel means that it may see an increase in non-elective complex cases and chemotherapy treatments. The provision of tele-medicine between the hospital and others in the region is likely to facilitate patients to continue receiving the standard of care they wish for, with the doctor that they are comfortable with.

Another hospital, SHLV is likely to benefit by absence of competitors within the vicinity coupled with its favourable location. The asset is also recognised for its Neurology and to some extent Cardiology services. Similar to MRCCC, this could mean that for non-elective procedures there may be an increase in patients due to travel restrictions overseas. For SHKJ it is in a good location with strong brand recognition, however despite the demand, there is limited space for capacity increase at the hospital.

5 CONCLUSION AND KEY TAKEAWAYS FOR SILOAM GROUP OF HOSPITALS

Owing to the pandemic situation globally and in Indonesia, Siloam Hospitals and other private healthcare providers have faced structural challenges in 2020. The situation is expected to continue through the mid-term until the economy recovers from the effects of the pandemic. As outlined earlier, there has been a significant decline in outpatients and inpatients across most of the hospitals in Indonesia. Hospitals have reported a dip in cash flows with some of them resorting to telemedicine as a mode of primary healthcare delivery. The revenue margins for this sector would be relatively muted when compared to 2019, as elective treatments that have high complexity and a relatively higher realisation would be infrequent owing to the perception of health risks and may be postponed by the patient. Additionally, while there are increasing BPJS Kesehatan patients visiting the hospitals for COVID testing, these are not high margin procedures and are under the government health insurance segment.

Economic activity has taken a significant hit and unemployment has been rising due to declining business operations across several cities. With high levels of unemployment, household consumption in the community reduces resulting in low purchasing power. Patients have been reluctant to visit the hospital for elective procedures and have been going to hospitals for emergencies only. This further exacerbates the decline in the private healthcare industry, as is shown by the 48%¹⁸⁰ reduction in occupancy at Siloam Hospitals as of 3Q 2020. Frost & Sullivan opines that even in a post-COVID environment, due to the struggling economy where unemployment is high, the community may not have recovered enough to be able to afford elective procedures and treatments.

It is of noteworthy mention that under the Siloam Hospitals group, there are assets located in tourism-dependent destinations such as Bali, Manado, Labuan Bajo, Yogyakarta and Surabaya. Owing to a lack of clarity on the easing of global travel restrictions, it is uncertain as to when these regions will see the return of foreign tourists. This in-turn is expected to result in a mid to long-term delay in the recovery to baseline numbers across all sectors of the economy.

There is however certain benefits that are expected to accrue in the short to medium term such as in the area of outbound medical tourism. Patients in the past have preferred seeking treatment especially for non-elective procedures in countries such as Singapore and Malaysia which has drastically fallen with COVID related travel restrictions being imposed. This trend is also expected to continue for some period of time even after the pandemic eases, with patients being wary of travel when alternate options are available within Indonesia itself. Many of the hospitals under the Siloam Hospitals umbrella may benefit from this trend.

In the short to medium term it will be of paramount importance for Siloam Hospitals to provide community education and outreach to assure patients of their 'clean and safe' health security protocols practiced at all their assets. This may provide assurance and confidence in the community to return to the hospital for non-emergency cases, medical check-ups and elective procedures, thereby improving patient volumes and revenue margins in the mid to long term.

Despite the challenges on a national, city and community levels, there has been recovery in the 'Ramping-up' segment for Siloam Hospitals. Overall, the Siloam Hospitals group is likely to be well positioned to create a turnaround despite the effects of the pandemic, given its strength as one of the leading private healthcare providers, and the natural operator for First REIT's hospitals in Indonesia.

¹⁸⁰ Siloam Corporate Presentation 3Q 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of First Real Estate Investment Trust ("**First REIT**", and holders of units in First REIT, the "**Unitholders**") will be convened and held by way of electronic means on Tuesday, 19 January 2021 at 2:30 p.m. (the "**EGM**"), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED LPKR MLA RESTRUCTURING

That:

- (i) the proposed restructuring of the master lease agreements for all of the hospitals which First REIT had leased to either PT. Lippo Karawaci Tbk ("**LPKR**") or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk (the "**Proposed LPKR MLA Restructuring**"), on the terms and conditions set out in a memorandum of understanding entered into between Perpetual (Asia) Limited, as trustee of First REIT (the "**Trustee**"), and LPKR dated 28 November 2020 (the "**LPKR MOU**") in respect of, among other things, the Proposed LPKR MLA Restructuring (as described in the circular to Unitholders dated 28 December 2020 (the "**Circular**"), a copy of which may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html) and the entry into the LPKR MOU be and are hereby approved and/or ratified; and
- (ii) First REIT Management Limited, as manager of First REIT (the "**Manager**"), any director of the Manager ("**Director**") and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of First REIT to give effect to the Proposed LPKR MLA Restructuring and the LPKR MOU and all transactions in connection therewith.

ORDINARY RESOLUTION

2. THE PROPOSED WHITEWASH RESOLUTION

That subject to and contingent upon the conditions in the letter from the Securities Industry Council being fulfilled, the Unitholders, other than Clifford Development Pte. Ltd. ("**CDPL**"), which is a direct wholly-owned subsidiary of OUE Limited, and its concert parties, hereby (on a poll taken) waive their rights to receive a general offer from CDPL pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers as a result of the receipt of the Rights Units (as defined in the Circular) by CDPL pursuant to the OUE Irrevocable Undertaking (as defined in the Circular).

BY ORDER OF THE BOARD

First REIT Management Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

Mr Chester Leong Chang Hong
Company Secretary
Singapore
28 December 2020

Important Notice:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to printed copies of this Notice that will be sent to Unitholders, this Notice will also be sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html. This Notice will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 28 December 2020. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

A Unitholder who wishes to watch the "live" audio-visual webcast or "live" audio-only stream must pre-register by **2:30 p.m. (Singapore time) on Saturday, 16 January 2021**, at the URL https://www.first-reit.com/ir_egm.html to enable the Manager to verify his/her/its status as Unitholders.

Following the verification, authenticated Unitholders will receive an email containing instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the proceedings of the EGM by **2:30 p.m. (Singapore time) on Monday, 18 January 2021** (the "Confirmation Email").

Unitholders who do not receive the Confirmation Email by **2:30 p.m. (Singapore time) on Monday, 18 January 2021** but have registered by the **2:30 p.m. (Singapore time) on Saturday, 16 January 2021** deadline, should contact First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 from **9:00 a.m. to 4:00 p.m. (Singapore time) on Monday, 18 January 2021**.

A Unitholder who pre-registers to watch the "live" audio-visual webcast or "live" audio-only stream may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted in the following manner:

- (a) if submitted electronically, be submitted:
 - (i) via the pre-registration website at the URL https://www.first-reit.com/ir_egm.html; or
 - (ii) via email by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and sending the same to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2021@boardroomlimited.com;
- (b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and sending the same by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623,

in either case not later than 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.

3. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.** The instrument appointing the Chairman of the EGM as proxy ("Proxy Form") may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and, who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through "live" audio-visual webcast or "live" audio-only stream and/or (b) submitting questions in advance of the EGM should refer to paragraph 2 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 7 January 2021**, being seven (7) working days before the date of the EGM.

4. The Chairman of the EGM, as proxy, need not be a Unitholder of First REIT.
5. The Proxy Form must be submitted in the following manner:
 - (a) if submitted electronically, be submitted via email to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2021@boardroomlimited.com; or
 - (b) if in hard copy submitted by post, be lodged at First REIT's Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623,

in either case not later than 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.

A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notorially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the EGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

6. The Circular has been uploaded on the website of the SGX-ST on 28 December 2020 at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html.
7. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT's website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the EGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder's personal data by First REIT (or its agents) for the purpose of the processing and administration by First REIT (or its agents) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for First REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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FIRST REAL ESTATE INVESTMENT TRUST

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

Managed by First REIT Management Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. This Proxy Form may be accessed at First REIT's website at https://www.first-reit.com/ir_egm.html, and will be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>. A relevant intermediary may appoint more than one proxy to attend the Extraordinary General Meeting and vote.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 December 2020.

IMPORTANT:

1. The Extraordinary General Meeting ("EGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to the printed copies of the Notice of Extraordinary General Meeting dated 28 December 2020 which will be sent to unitholders, the Notice of Extraordinary General Meeting will also be available through electronic means via publication on First REIT's website at https://www.first-reit.com/ir_egm.html, and will also be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 28 December 2020. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and also on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.**
4. Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 7 January 2021**, being seven (7) working days before the date of the EGM.
5. By submitting an instrument appointing the Chairman of the EGM as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 December 2020.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

I/We _____ (Name(s)) _____ (NRIC No./Passport No./Company Registration No.)
of _____ (Address)
being a unitholder/unitholders of First Real Estate Investment Trust ("**First REIT**"), hereby appoint the Chairman of the EGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting ("**EGM**") of First REIT to be convened and held by way of electronic means on **Tuesday, 19 January 2021 at 2:30 p.m.** and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the EGM as indicated hereunder.

	Resolutions	No. of Votes For*	No. of Votes Against*	Abstain
	ORDINARY RESOLUTION			
1	To approve the Proposed LPKR MLA Restructuring being Interested Person Transactions			
2	To approve the Proposed Whitewash Resolution			

* *Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the EGM as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of units that the Chairman of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the EGM as your proxy for that resolution will be treated as invalid.*

Dated this _____ day of _____ 2020/2021

Total No. of Units held

Signature(s) of unitholder(s)/
Common Seal of Corporate Unitholder

IMPORTANT: Please read notes on the reverse side

Notes to the Proxy Form:

1. Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The instrument appointing the Chairman of the EGM as proxy ("**Proxy Form**") will be sent to Unitholders and may be accessed at First REIT's website at https://www.first-reit.com/ir_egm.html, and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 7 January 2021**, being seven (7) working days before the date of the EGM.

2. The Chairman of the EGM, as proxy, need not be a Unitholder of First REIT.
3. The Proxy Form must be submitted electronically via email or in hard copy form:
 - (a) if submitted electronically, be submitted via email to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2021@boardroomlimited.com; or
 - (b) if in hard copy submitted by post, be lodged at First REIT's Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623,

in either case not later than **2:30 p.m. (Singapore time) on Saturday, 16 January 2021**.

A Unitholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

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Affix
Postage
Stamp

First REIT Management Limited
(as manager of First Real Estate Investment Trust)
c/o Unit Registrar
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.



First REIT Management Limited

(Company Registration Number: 200607070D)

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