



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

ANNOUNCEMENT

PROPOSED ACQUISITIONS

1. INTRODUCTION

Bowsprit Capital Corporation Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**") and as manager of First REIT, the "**Manager**", is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the "**Trustee**"), has on 21 September 2012 entered into two conditional sale and purchase agreements:

- (i) with Evodia Strategic Investment Limited ("**Evodia**") in relation to the acquisition of Siloam Hospitals Manado & Hotel Aryaduta Manado (the "**MD Property**") and the acquisition of the MD Property, the "**MD Property Acquisition**") (the "**MD Property SPA**"); and
- (ii) with PT Siloam Karya Sejahtera ("**PT SKS**") in relation to the acquisition of Siloam Hospitals Makassar ("**SHMK**") and the proposed acquisition of SHMK, the "**SHMK Acquisition**") (the "**SHMK SPA**").

The Manager proposes to finance the MD Property Acquisition by a combination of drawdown from its committed debt facility and proceeds from a private placement exercise which is proposed to be carried out by the Manager. The final decision regarding the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions. Should the Manager be of the view that it would not be appropriate to carry out a private placement in the circumstances, the Manager intends to procure additional debt funding to fully finance the MD Property Acquisition by debt. The Manager proposes to finance the SHMK Acquisition fully by a drawdown from its committed debt facility.

2. THE MD PROPERTY ACQUISITION

2.1 Structure of the MD Property Acquisition

The Manager is seeking to acquire the MD Property, which is located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No.1, Wenang Utara Sub-District, Wenang District, Manado – North Sulawesi 95111, Republic of Indonesia for a purchase consideration of approximately S\$83.6 million (the "**MD Property Purchase Consideration**") from Evodia, a company incorporated in Malaysia and an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (the "**Sponsor**"). The Sponsor is a company incorporated in Indonesia and is the sponsor of First REIT. It is proposed that the MD Property Acquisition be carried out by First REIT indirectly via the acquisition

of Rhuddlan Investment Pte. Ltd., a company incorporated in Singapore (“**Rhuddlan**”) which, directly and through its wholly-owned subsidiary, Caernarfon Investment Pte. Ltd., a company incorporated in Singapore (“**Caernarfon**”), wholly-owns PT Menara Abadi Megah, a company incorporated in Indonesia (“**PT MAM**”) which in turn holds the MD Property. First REIT will, upon acquiring the MD Property, hold the MD Property through PT MAM under a ‘Right to Build’ (*Hak Guna Bangunan* or “**HGB**”) title¹ which will expire on 18 May 2032. **Appendix A** sets out a chart illustrating the structure under which the MD Property is proposed to be held by First REIT upon completion of the MD Property Acquisition.

2.2 Valuation

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

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

Property	Appraised Value		Purchase Consideration
	By W&R as at	By Rengganis as at	
	5 September 2012	5 September 2012	
	(S\$ million)	(S\$ million)	(S\$ million)
MD Property	90.9	96.5	83.6

2.3 MD Property Acquisition Cost

The total cost of the MD Property Acquisition, comprising the MD Property Purchase Consideration, the acquisition fee in relation to the MD Property Acquisition payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) (which shall be payable in Units (the “**MD Property Acquisition Fee Units**”)) as well as the professional and other fees and expenses in connection with the MD Property Acquisition, is estimated to be approximately S\$85.8 million (the “**MD Property Acquisition Cost**”).

2.4 Method of Financing

The Manager intends to finance the MD Property Acquisition Cost by a combination of a drawdown from its committed debt facility and proceeds from a private placement exercise which is proposed to be carried out by the Manager. The final decision regarding the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions. Should the Manager be of the view that it would not be appropriate to carry out a private placement in the circumstances, the

¹ In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of ‘leasehold’ title. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years.

Manager intends to procure additional debt funding to fully finance the MD Property Acquisition Cost by debt.

2.5 Conditions Precedent for the Completion of the MD Property Acquisition

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

- 2.5.1 the approval by unitholders of First REIT (“**Unitholders**”) to be given at an extraordinary general meeting of Unitholders (“**EGM**”) for the MD Property Acquisition and the MD Property Master Lease;
- 2.5.2 the approval by Unitholders to be given at an EGM for the SHMK Acquisition and the SHMK Property Master Lease;
- 2.5.3 First REIT securing sufficient financing to undertake the MD Property Acquisition and the SHMK Acquisition (together, the “**Acquisitions**”) and the agreements for such financing not having been terminated and being unconditional in all respects; and
- 2.5.4 there being no adverse change to the financial condition of the Sponsor (as the MD Property master lessee) or its ability to make payment to First REIT under the MD Property Master Lease Agreement (as defined herein).

2.6 Indemnity in relation to the MD Property SPA

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

2.7 Master Lease

In relation to the MD Property Acquisition, a conditional master lease agreement (the “**MD Property Master Lease Agreement**”) has been entered into on 21 September 2012 between PT MAM (as the MD Property master lessor) and the Sponsor (as the MD Property master lessee) pursuant to which a master lease in relation to MD Property will be granted to the Sponsor (the “**MD Property Master Lease**”) for a lease term of 15 years, commencing from the date of completion of the MD Property SPA with an option to renew for a further term of 15 years.

The MD Property Master Lease Agreement is subject to conditions precedent similar to those applicable to the MD Property SPA as described in paragraph 2.5 above.

2.8 Interested Person Transaction

As at the date of this announcement, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 29.71% in First REIT and (ii) 80.0% in the Manager, and is therefore regarded as a “controlling unitholder”² of First REIT and a “controlling shareholder”³ of the Manager respectively under both the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual of the SGX-ST, the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the

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

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

“Property Funds Appendix”).

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, Evodia, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a controlling Unitholder of First REIT and a controlling shareholder of the Manager) is an Interested Person⁴ and Interested Party⁵ of First REIT.

Given the MD Property Purchase Consideration of S\$83.6 million (which is 16.5% of the net tangible assets (“**NTA**”) and net asset value (“**NAV**”) respectively of First REIT as at 31 December 2011), the value of the MD Property Acquisition will in aggregate exceed (i) 5.0% of First REIT’s latest audited NTA and (ii) 5.0% of First REIT’s latest audited NAV.

As such, the MD Property Acquisition will constitute an Interested Person Transaction⁶ under Chapter 9 of the Listing Manual and also an Interested Party Transaction⁷ under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. The MD Property Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders’ approval is required.

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

3. THE SHMK ACQUISITION

3.1 Structure of the SHMK Acquisition

The Manager is also seeking to acquire SHMK which is located at Jalan Metro Tanjung Bunga Kav 3 - 5, Makassar City, South Sulawesi Province, Republic of Indonesia, for a purchase consideration of approximately S\$59.3 million (the “**SHMK Purchase Consideration**”) from PT SKS, which is a wholly-owned subsidiary of the Sponsor.

For purposes of the SHMK Acquisition, First REIT has acquired a 100.0% equity interest in Raglan Investment Pte. Ltd., a company incorporated in Singapore (“**Raglan**”) for a nominal consideration of S\$1.00. Raglan and its wholly-owned subsidiary, Carmathen Investment Pte. Ltd., a company incorporated in Singapore (“**Carmathen**”), hold 75.0% and 25.0% respectively of PT Bayutama Sukses, a company incorporated in Indonesia (“**PT BS**”) ⁸.

First REIT will acquire SHMK through PT BS. First REIT will, upon acquiring SHMK, hold SHMK under a HGB title which will expire on 22 December 2031. **Appendix B** sets out a chart illustrating the structure under which SHMK will be held by First REIT upon completion of the SHMK Acquisition.

3.2 Valuation

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

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

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

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

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

8 The respective issued share capital of Raglan and Carmathen is one ordinary share of S\$1.00 each. The authorised and issued share capital of PT BS is respectively:

(i) 50,000,000 shares or a nominal value of Rp. 50,000,000,000; and

(ii) 17,500,000 shares or a nominal value of Rp. 17,500,000,000.

independent valuations of SHMK by W&R and Rengganis, which were commissioned by the Manager and the Trustee respectively.

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

Property	Appraised Value		
	By W&R as at 5 September 2012	By Rengganis as at 5 September 2012	Purchase Consideration
	(S\$ million)	(S\$ million)	(S\$ million)
SHMK	66.8	64.7	59.3

3.3 SHMK Acquisition Cost

The total cost of the SHMK Acquisition, comprising the SHMK Purchase Consideration, the acquisition fee in relation to the SHMK Acquisition payable to the Manager pursuant to the Trust Deed (which shall be payable in Units (the “**SHMK Acquisition Fee Units**”))⁹ as well as the professional and other fees and expenses in connection with the SHMK Acquisition, is estimated to be approximately S\$60.9 million (the “**SHMK Acquisition Cost**”).

3.4 Method of Financing

The SHMK Acquisition Cost is expected to be financed fully by a drawdown from its committed debt facility.

3.5 Conditions Precedent for the Completion of the SHMK Acquisition

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

- 3.5.1 the approval by Unitholders to be given at an EGM for the SHMK Acquisition and the SHMK Property Master Lease;
- 3.5.2 the approval by Unitholders to be given at an EGM for the MD Property Acquisition and the MD Property Master Lease;
- 3.5.3 First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects; and
- 3.5.4 there being no adverse change to the financial condition of the Sponsor (being the SHMK master lessee) or its ability to make payment to First REIT under the SHMK Master Lease Agreement (as defined herein).

3.6 Indemnity in relation to the SHMK SPA

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

⁹ As the SHMK Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the SHMK Acquisition Fee payable to the Manager will be in the form of the SHMK Acquisition Fee Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

3.7 Master Lease

In relation to the SHMK Acquisition, a conditional master lease agreement (the “**SHMK Master Lease Agreement**”) has been entered into on 21 September 2012 between PT BS (as the SHMK master lessor) and the Sponsor (as the SHMK master lessee) pursuant to which a master lease in relation to SHMK will be granted to the Sponsor (the “**SHMK Master Lease**”) for a lease term of 15 years commencing from the date of completion of the SHMK SPA with an option to renew for a further term of 15 years.

The SHMK Master Lease Agreement is subject to conditions precedent similar to those applicable to the SHMK SPA as described in paragraph 3.5 above.

3.8 Interested Person Transaction

As at the date of this announcement, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed/effective interests of (i) 29.71% in First REIT and (iii) 80.0% in the Manager, and is therefore regarded as a “controlling unitholder” of First REIT and a “controlling shareholder” of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

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

Given the SHMK Purchase Consideration of S\$59.3 million (which is 11.7% of the NTA and NAV respectively of First REIT as at 31 December 2011), the value of the SHMK Acquisition will in aggregate exceed (i) 5.0% of First REIT’s latest audited NTA and (ii) 5.0% of First REIT’s latest audited NAV.

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

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

4. RATIONALE FOR THE ACQUISITIONS

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

4.1 Opportunity to purchase attractive and high quality properties in Manado City and Makassar City, Indonesia, at prices below valuation

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

Both Siloam Hospitals Manado and Hotel Aryaduta Manado are well-positioned for the middle to upper middle-income segment of the hospitality market. SHMK is also well-positioned in a growing residential and commercial area in Makassar City.

Additionally, the Properties will be acquired at prices below their independent valuations.

The MD Property will be acquired at a discount of 10.78% to the average of the independent valuations by W&R and Rengganis and SHMK will be acquired at a discount of 9.81% to the average of the independent valuations by W&R and Rengganis.

4.2 Increased income stability of First REIT through the MD Property Master Lease Agreement and the SHMK Master Lease Agreement and increase in First REIT's weighted average lease to expiry

The MD Property Master Lease and the SHMK Master Lease will be beneficial to First REIT as the MD Property and SHMK (the "**Properties**") are expected to provide stability to First REIT's Gross Rental Income¹⁰ over the next 15 to 30 years. The step-up feature of the base and variable rental components under the MD Property Master Lease Agreement and the SHMK Master Lease Agreement would also provide locked-in organic growth in First REIT's cash flow. To ensure stability in First REIT's Gross Rental Income from the Properties, security deposits equivalent to six months of (i) the MD Property's annual rental payable (amounting to S\$4,200,000) and (ii) SHMK's annual rental payable (amounting to S\$2,875,000) will be made to First REIT in the form of bankers' guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

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

Currently, the master leases of the properties in First REIT's existing portfolio ("**Existing Portfolio**") are between 10 to 15 years. With the Acquisitions, First REIT will benefit from the increase in the Existing Portfolio (the "**Enlarged Portfolio**")'s weighted average lease to expiry based on secured Gross Rental Income with the MD property and SHMK contributing 20.1% of First REIT's total Gross Rental Income under the MD Property Master Lease Agreement and the SHMK Master Lease Agreement. The weighted average lease to expiry of the Enlarged Portfolio will increase from approximately 10.8 years from that of the Existing Portfolio as at 30 June 2012 to approximately 11.7 years after the completion of the Acquisitions.

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

First REIT's asset size will grow from S\$618.9 million (as at 30 June 2012) to S\$782.2 million after the completion of the Acquisitions. The value of First REIT's Deposited Property¹¹ is expected to increase by 25.6% from S\$649.6 million as at 30 June 2012 to S\$815.7 million after the completion of the Acquisitions and there will also be a 36.9% increase in the total gross floor area to 186,790 square metres ("**sq m**") after the completion of the Acquisitions from 136,432 sq m before the Acquisitions. The maximum number of hospital beds for the Indonesia properties will increase by 57.8% from 1,108 to 1,748, and the total number of hotel guest rooms for First REIT's Indonesia properties will increase by 101.5% from 197 to 397.

The larger asset base is expected to enhance First REIT's overall capital management

10 "**Gross Rental Income**" refers to the contracted rent under the master lease agreements in relation to the MD Property, SHMK and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

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

flexibility, which will, among others, facilitate future acquisitions by First REIT.

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

4.4 The Acquisitions would enable First REIT to grow through the acquisition of two hospitals which enhances the diversification of First REIT's portfolio across locations and medical specialisations and a hotel that *inter alia* provides for complementary services for Siloam Hospitals Manado

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

Both Siloam Hospitals Manado and Siloam Hospitals Makassar are equipped with comprehensive state-of-the-art equipment and the latest generation of smart IT-systems in Indonesia, and provide a broad range of quality general and specialist services, including therapeutic services and an extensive range of diagnostic and preventive healthcare services. Siloam Hospitals Manado is a Centre of Excellence in trauma, and Siloam Hospitals Makassar is a Centre of Excellence in cardiology and trauma. As Hotel Aryaduta Manado is located in the same building as Siloam Hospitals Manado, it will provide a full range of food and beverages catering to patients and accommodation for family members as well as tourists to Manado.

As the MD Property is located on the east side of Jalan Piere Tendean and the west side of Jalan Sam Ratulangi, both of which are primary roads in Manado City, the MD property is highly accessible via public and private transportation. Additionally, Hotel Aryaduta Manado is attractive to travellers as it is surrounded by notable developments such as IT Center, Mega Mall Manado, Komandan Korem (Danrem) 131/Santiago (a military office).

SHMK, located in Tanjung Bunga, an integrated township development consisting of residential and commercial developments, caters to the growing residential and commercial area in Makassar City.

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

4.5 Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio comprising of the MD Property and SHMK that are newly refurbished and built

As at 30 June 2012, the weighted average age of properties of the Enlarged Portfolio will decrease from 13.2 years to 9.9 years (or about 24.6%) from that of the Existing Portfolio.

5. Major Transactions – Chapter 10 of the Listing Manual

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

- (i) the net asset value of the assets to be disposed of, compared with net asset value (not applicable to the Acquisitions);

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

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

While the relative figures in relation to both the MD Property Acquisition and the SHMK Acquisition computed on the bases set out in paragraph 5.1.1 above exceed 20.0%, both the MD Property Acquisition and the SHMK Acquisition are not major transactions under Chapter 10 of the Listing Manual as they are within First REIT's ordinary course of business.

- 5.1.2 However, for purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraphs 5.1.1(ii) and 5.1.1(iv) are set out in the table below.

Comparison of:	The Properties	First REIT	Relative Figure
Net Property Income ⁽¹⁾	The MD Property: S\$8.4 million SHMK: S\$5.7 million Total Net Property Income of the Properties: S\$14.1 million ⁽²⁾	S\$53.4 million ⁽³⁾	15.7% 10.7% 26.4%
Purchase Consideration against First REIT's market capitalisation	The MD Property: S\$83.6 million SHMK: S\$59.3 million Total Purchase Consideration of the Properties: S\$142.9 million ⁽⁴⁾	First REIT's market capitalisation: S\$650.5 million ⁽⁵⁾⁽⁶⁾	12.9% 9.1% 22.0%

Notes:

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. "Net Property Income" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed annual net rental of approximately S\$14.1 million under the master leases of the Properties, less property expenses.

- (3) Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year of 2011 (the “**FY2011 Audited Consolidated Financial Statements**”).
- (4) Does not include transaction costs.
- (5) Based on the closing price of S\$1.03 per Unit on the SGX-ST on the date preceding this announcement.
- (6) Based on Units in issue as at the date preceding this announcement.

6. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS

6.1 Pro Forma Financial Effects of the Acquisitions

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

- (i) the FY2011 Audited Consolidated Financial Statements; and
- (ii) the unaudited financial statements of First REIT and its subsidiaries for the six months ended 30 June 2012 (the “**6M2012 Unaudited Financial Statements**”), and

assuming:

- (a) the Properties will be acquired for an aggregate purchase consideration of S\$146.7 million, including acquisition fees, professional and other fees and expenses;
- (b) First REIT will, upon completion of the Acquisitions, revalue the Properties to the fair value of S\$163.3 million, based on the valuation of the Properties by the independent valuers appointed by the Trustee¹² and the Manager¹³;
- (c) S\$118.0 million from a new S\$168.0 million 4-year multi-currency transferable term loan facility¹⁴ to part finance the Acquisitions and will be repaid on maturity of the loan;
- (d) borrowing upfront costs of S\$1.5 million are amortised over term of loan;
- (e) a private placement to raise approximately S\$30 million and an issue price¹⁵ of S\$1.00 per new Unit under the private placement; and
- (f) an issue price of S\$1.0116 per Unit in relation to acquisition fees.

6.2 Financial Year ended 31 December 2011

Pro Forma DPU

The pro forma financial effects of the Acquisitions on the distribution per Unit (“**DPU**”) for First REIT’s financial year ending 31 December 2011 (“**FY2011**”), as if First REIT had

¹² The Trustee appointed Rengganis to value the MD Property and SHMK.

¹³ The Manager appointed W&R to value the MD Property and SHMK.

¹⁴ The S\$168.0 million 4-year multi-currency transferable term loan facility was secured on 14 May 2012 from Oversea-Chinese Banking Corporation Limited (“**OCBC**”). Approximately S\$50.0 million will be used to refinance First REIT’s outstanding loan with OCBC, with the remaining S\$118.0 million to be used to finance any future acquisitions.

¹⁵ The issue price is for illustrative purposes only. The actual issue price under any potential private placement will be dependent on market conditions.

purchased the Properties on 1 January 2011, and held and operated the Properties through to 31 December 2011, are as follows:

	FY2011	
	Before the Acquisitions⁽¹⁾	After the Acquisitions
Distributable Income (S\$'000)	43,934	49,071
Units in issue and to be issued	627,680,294	659,092,894
DPU (cents)	7.01	7.45
DPU (cents) (excludes other gain) ⁽²⁾	6.33	6.77

Notes:

(1) Based on the FY2011 Audited Consolidated Financial Statements.

(2) Other gain is one-off gain on divestment of Adam Road property.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 31 December 2011, as if First REIT had purchased the Properties on 31 December 2011, are as follows:

	As at 31 December 2011	
	Before the Acquisitions⁽¹⁾	After the Acquisitions
NAV (S\$'000)	505,299	553,734
Units in issue and to be issued	627,680,294	659,092,894
NAV per Unit (S\$)	0.81	0.84

Notes:

(1) Based on the FY2011 Audited Consolidated Financial Statements.

Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2011, as if First REIT had purchased the Properties on 31 December 2011.

	As at 31 December 2011	
	Actual	As adjusted for the Acquisitions
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	-	-
Secured	48,430	48,430
Total short-term debt	48,430	48,430

Long-term debt:

Unsecured	-	-
Secured	49,361	165,886
Total long-term debt	49,361	165,886
Total Debt	97,791	214,316
Unitholders funds	505,299	553,734
Total Capitalisation	603,090	768,050

6.3 Six Months ended 30 June 2012**Pro Forma DPU**

The pro forma financial effects of the Acquisitions on the DPU for the six months ended 30 June 2012, as if First REIT had purchased the Properties on 1 January 2012, and held and operated the Properties through to 30 June 2012, are as follows:

	For the six months ended 30 June 2012	
	Before the Acquisitions⁽¹⁾	After the Acquisitions
Distributable Income (S\$'000)	24,310	26,864
Units in issue and to be issued ('000)	630,266,798	661,679,398
DPU (cents)	3.86	4.06
DPU (cents) (excludes other gain) ⁽²⁾	3.19	3.38

Notes:

(1) Based on the 6M2012 Unaudited Financial Statements.

(2) Other gain is one-off gain on divestment of Adam Road property.

Pro Forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 30 June 2012, as if First REIT had purchased the Properties on 30 June 2012 are as follows:

	As at 30 June 2012	
	Before the Acquisitions⁽¹⁾	After the Acquisitions
NAV (S\$'000)	501,115	546,968
Units in issue and to be issued ('000)	630,266,798	661,679,398
NAV per Unit (S\$)	0.80	0.83

Note:

(1) Based on the 6M2012 Unaudited Financial Statements.

Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 June 2012, as if First REIT had purchased the Properties on 30 June 2012.

	As at 30 June 2012	
	Actual	As adjusted for the Acquisitions
	(S\$'000)	(S\$'000)
Short-term debt:		
Unsecured	-	-
Secured	48,329	48,329
Total short-term debt	48,329	48,329
Long-term debt:		
Unsecured	-	-
Secured	49,459	165,984
Total long-term debt	49,459	165,984
Total Debt	97,788	214,313
Unitholders funds	501,115	546,968
Total Capitalisation	598,903	761,857

7. OTHER INFORMATION

7.1 Interests of Directors and Substantial Unitholders¹⁶

7.1.1 Interests of Directors of the Manager

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

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Mr Albert Saychuan Cheok	530,000	0.0839	-	-	530,000	0.0839
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Wong Gang	-	-	-	-	-	-
Mr Ketut Budi Wijaya	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo @ Tan Kay Poo ⁽²⁾	15,000	0.0024	2,985,800	0.4728	3,000,800	0.4752

16 "Substantial Unitholders" refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Notes:

- (1) Percentage interest is based on 631,528,484 Units in issue as at the date of this announcement.
- (2) Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 2,315,050 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 425,000 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd. and (iii) 50,000 Units held by UOB Kay Hian Private Limited and 195,750 Units held by DBS Nominees Pte. Ltd., both as the nominees of his spouse Mdm Law Deborah.

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

7.1.2 Interests of Substantial Unitholders

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

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% ⁽¹⁾
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾		
Bridgewater International Ltd	123,750,000	19.60	-	-	123,750,000	19.60
PT Menara Tirta Indah	43,000,000	6.81	-	-	43,000,000	6.81
PT Primakreasi Proptindo ⁽²⁾	-	-	43,000,000	6.81	43,000,000	6.81
Lippo Karawaci Corporation Pte. Ltd. ⁽³⁾	-	-	144,628,484	22.90	144,628,484	22.90
The Sponsor ⁽⁴⁾	-	-	187,628,484	29.71	187,628,484	29.71

Notes:

- (1) Percentage interest is based on 631,528,484 Units in issue as at the date of this announcement.
- (2) PT Primakreasi Proptindo is deemed to be interested in 43,000,000 Units held by its wholly owned subsidiary, PT Menara Tirta Indah.
- (3) Lippo Karawaci Corporation Pte. Ltd. is deemed to be interested in (i) 123,750,000 Units held by its wholly owned subsidiary, Bridgewater International Ltd; and (ii) 20,878,484 Units held by Bowsprit Capital Corporation Limited.
- (4) The Sponsor is deemed to be interested in (i) 123,750,000 Units held by its indirect wholly owned subsidiary, Bridgewater International Ltd; (ii) 43,000,000 Units held by its indirect wholly owned subsidiary, PT Menara Tirta Indah; and (iii) 20,878,484 Units held by Bowsprit Capital Corporation Limited.

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries Bridgewater International Ltd. and PT Menara Tirta Indah and through its 80.0% interest in the Manager, holds an aggregate indirect interest of 29.71% in First REIT and is deemed to be a controlling unitholder of First REIT.

7.2 Directors' Service Contracts

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

7.3 Existing Interested Person Transactions

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

7.4 Opinion of the Audit Committee and Independent Financial Adviser

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

The Audit Committee will form its views on the Acquisitions after taking into account the opinion of the IFA.

8. DOCUMENTS FOR INSPECTION

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

- (i) the MD Property SPA;
- (ii) the SHMK SPA;
- (iii) the MD Property Master Lease Agreement;
- (iv) the SHMK Master Lease Agreement;
- (v) the full valuation report on the MD Property dated 17 September 2012 issued by W&R;
- (vi) the full valuation report on the MD Property dated 11 September 2012 issued by Rengganis;
- (vii) the full valuation report on SHMK dated 17 September 2012 issued by W&R; and
- (viii) the full valuation report on SHMK dated 11 September 2012 issued by Rengganis.

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

9. FURTHER DETAILS

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

OCBC has been appointed as the financial adviser for the Acquisitions.

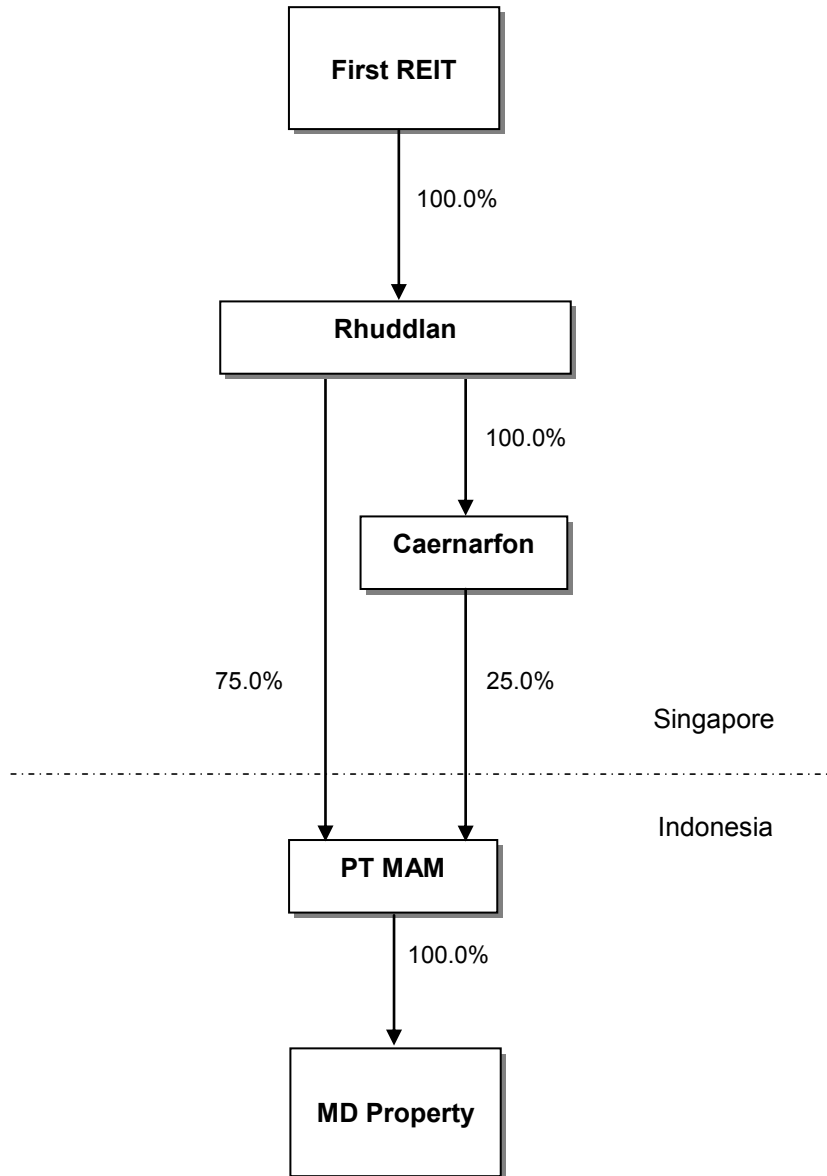
By Order of the Board

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

21 September 2012

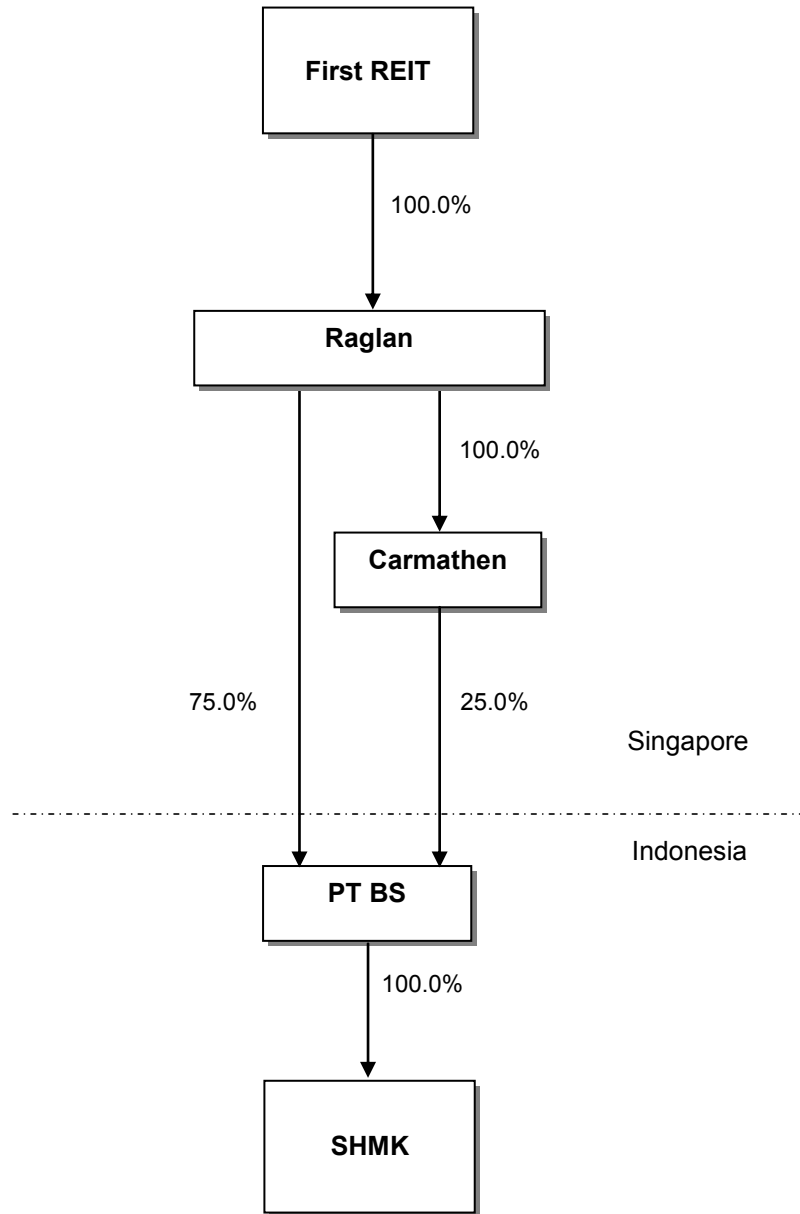
APPENDIX A

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



APPENDIX B

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



Important Notice

The value of Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.