CIRCULAR DATED 12 APRIL 2013

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

BOWSPRIT CAPITAL CORPORATION LIMITED

(Company Registration Number: 200607070D)

CIRCULAR TO UNITHOLDERS
IN RELATION TO:

(1) THE PROPOSED ACQUISITION OF SILOAM HOSPITALS BALI FROM AN INTERESTED PERSON;

(2) THE PROPOSED ACQUISITION OF SILOAM HOSPITALS TB SIMATUPANG FROM AN INTERESTED PERSON;

(3) THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS (AS DEFINED HEREIN) AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF SILOAM HOSPITALS TB SIMATUPANG; AND

(4) THE PROPOSED WHITEWASH RESOLUTION IN RELATION TO THE WAIVER OF THE RIGHTS OF INDEPENDENT UNITHOLDERS TO RECEIVE A MANDATORY OFFER FROM PT LIPPO KARAWACI TBK AND PARTIES ACTING IN CONCERT WITH IT FOR THE REMAINING UNITS NOT OWNED OR CONTROLLED BY THEM PURSUANT TO THE ISSUANCE OF THE CONSIDERATION UNITS.

Financial Adviser

OCBC Bank

Independent Financial Adviser to the Independent Directors of Bowsprit Capital Corporation Limited and to the Trustee

STIRLING COLEMAN
施霖高诚

(Company Registration Number: 200105040N)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	**Saturday, 27 April 2013 at 10:30 a.m.**
Date and time of Extraordinary General Meeting	:	**Monday, 29 April 2013 at 10:30 a.m.** (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 10:00 a.m. on the same day and at the same place)
Place of Extraordinary General Meeting	:	Capricorn Room, Level 1 Marina Mandarin Singapore 6 Raffles Boulevard, Marina Square Singapore 039594

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CORPORATE INFORMATION

Directors of the Manager ("Directors")	:	Mr Albert Saychuan Cheok (Chairman and Independent Director) Mr Goh Tiam Lock (Independent Director) Mr Wong Gang (Independent Director) Mr Ketut Budi Wijaya (Non-Executive Director) Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)
Registered Office of the Manager	:	50 Collyer Quay #06-01 OUE Bayfront Singapore 049321
Trustee of First REIT (the "Trustee")	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT) 21 Collyer Quay #10-02 HSBC Building Singapore 049320
Legal Adviser for the Acquisitions (as defined herein) and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Financial Adviser (the "Financial Adviser")	:	Oversea-Chinese Banking Corporation Limited 65 Chulia Street #09-00 OCBC Centre Singapore 049513
Legal Adviser to the Manager and the Trustee for the Acquisitions as to Indonesian Law	:	Makes & Partners Law Firm Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
Legal Adviser to the Trustee as to Singapore Law	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Independent Financial Adviser to the Independent Directors of the Manager and to the Trustee in relation to the SHBL Acquisition, the SHBL Master Lease, the SHTS Acquisition, the SHTS Master Lease, the issuance of the Consideration Units and the Whitewash Resolution (each as defined herein)	:	Stirling Coleman Capital Limited 4 Shenton Way #07-03 SGX Centre 2 Singapore 068807

Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Independent Indonesia Accounting and Tax Adviser (the "Independent Indonesia Tax Adviser")	:	PB Taxand Menara Imperium 27th Floor Jl. H.R. Rasuna Said Kav. 1 Jakarta 12980, Indonesia
Independent Valuers (the "Independent Valuers")	:	KJPP Willson & Rekan in association with Knight Frank Wisma Nugra Santana #17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia (appointed by the Manager for the valuation of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang) KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd Menara Kuningan 8th Floor, Jl. HR. Rasuna said Blok X-7 Kav. 5. Jakarta 12940, Indonesia (appointed by the Trustee for the valuation of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang)
Independent Healthcare Research Consultant for the Indonesia Healthcare Market Review Report (the "Independent Healthcare Research Consultant")	:	Frost & Sullivan (S) Pte Ltd 100 Beach Road #29-01/11 Shaw Tower Singapore 189702
Unit Registrar and Unit Transfer Office	:	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 59 to 68 of this Circular.

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

INTRODUCTION

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 purposes[1]. In furtherance of First REIT's investment policy, the Manager is seeking the approval of unitholders of First REIT ("**Unitholders**") for the following resolutions:

(a) **Resolution 1**: The proposed acquisition of Siloam Hospitals Bali, which is located at Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia ("**SHBL**", and the proposed acquisition of SHBL, the "**SHBL Acquisition**") (Ordinary Resolution[2]);

(b) **Resolution 2**: The proposed acquisition of Siloam Hospitals TB Simatupang, which is located at Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selatan, Indonesia ("**SHTS**", and the proposed acquisition of SHTS, the "**SHTS Acquisition**") (Ordinary Resolution);

(c) **Resolution 3**: The proposed issuance of new Units to Evodia Strategic Investment Limited ("**Evodia**") or a nominee of Evodia which is a wholly-owned subsidiary of PT Lippo Karawaci Tbk (the "**Sponsor**") as part satisfaction of the purchase consideration for the SHTS Acquisition (the "**Consideration Units**") (Ordinary Resolution); and

(d) **Resolution 4**: The proposed whitewash resolution for the waiver of the rights of Unitholders other than the Sponsor, parties acting in concert with it and parties which are not independent of the Sponsor (the "**Independent Unitholders**") to receive a mandatory offer ("**Mandatory Offer**") from the Sponsor and parties acting in concert with it for all the remaining Units not owned or controlled by the Sponsor and parties acting in concert with it (the "**Whitewash Resolution**") (Ordinary Resolution).

The proposed SHBL Acquisition and the proposed SHTS Acquisition are collectively referred to in this Circular as the "**Acquisitions**".

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**").

Unitholders should note that Resolution 1, Resolution 2 and Resolution 3 relating to the SHBL Acquisition, the SHTS Acquisition and the proposed issuance of the Consideration Units respectively are inter-conditional. Unitholders should also note that Resolution 1, Resolution 2 and Resolution 3 are each also conditional upon Resolution 4 relating to the Whitewash Resolution. In the event that any of Resolution 1, Resolution 2, Resolution 3 and Resolution 4 is not passed, the Manager will not proceed with the Acquisitions.

BACKGROUND OF APPROVALS SOUGHT

As part of First REIT's growth strategy, the Manager is committed to pursuing acquisition opportunities that will enhance First REIT's asset base and maintain an attractive cash flow and yield profile. Further to this growth strategy, the Manager is seeking to acquire:

(1) SHBL for a purchase consideration of S$97.3 million (the "**SHBL Purchase Consideration**")[1] from PT Buana Mandiri Selaras, a limited liability company incorporated in Indonesia ("**PT BMS**"), which directly wholly-owns SHBL and is an indirect wholly-owned subsidiary of the Sponsor. The Sponsor is a company incorporated in Indonesia and is the sponsor of First REIT. For purposes of the SHBL Acquisition, First REIT has acquired a 100.0% equity interest in Globalink Investments Pte. Ltd., a company incorporated in Singapore ("**Globalink**"), for a nominal consideration of S$1.00. Globalink and its wholly-owned subsidiary, Fortuna Capital Pte. Ltd., a company incorporated in Singapore ("**Fortuna**"), together wholly own PT Dasa Graha Jaya, a limited liability company incorporated in Indonesia ("**PT DGJ**"). First REIT, through PT DGJ, will acquire SHBL from PT BMS; and

(2) SHTS for a purchase consideration of S$93.1 million (the "**SHTS Purchase Consideration**") from Evodia, a company incorporated in Labuan, Malaysia and an indirect wholly-owned subsidiary of the Sponsor. The SHTS Acquisition will be carried out by First REIT indirectly via the acquisition of Great Capital Pte. Ltd., a company incorporated in Singapore ("**Great Capital**"). Great Capital and its wholly-owned subsidiary, Key Capital Pte. Ltd., a company incorporated in Singapore ("**Key Capital**"), together wholly own PT Perisai Dunia Sejahtera, a limited liability company incorporated in Indonesia ("**PT PDS**"), which in turn will hold SHTS.

PT BMS will receive the SHBL Purchase Consideration entirely in cash. Evodia will receive S$43.1 million of the SHTS Purchase Consideration in cash, and the remaining S$50.0 million of the SHTS Purchase Consideration (the "**SHTS Equity Consideration**") will be satisfied by way of the issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price[2] of the Units immediately preceding the date of completion of the SHTS Acquisition, in accordance with the provisions of the Trust Deed. The number of Consideration Units shall be calculated based on the issue price of the Consideration Units.

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

2 "**10-Day Volume Weighted Average Price**" refers to the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined herein) immediately preceding the relevant Business Day.

RESOLUTION 1: THE SHBL ACQUISITION

Overview

SHBL, a four-storey hospital with a basement level, commenced operations on 17 December 2012. SHBL has an operational capacity of 295 beds, with integrated shops for related use. SHBL is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the close vicinity of SHBL include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. SHBL is a Centre of Excellence[1] for trauma, medical tourism, intensive care unit, orthopaedic and cardiology.

The total cost of the SHBL Acquisition, comprising the SHBL Purchase Consideration, the acquisition fee in relation to the SHBL Acquisition (the "**SHBL Acquisition Fee**")[2] payable to the Manager pursuant to the Trust Deed as well as the professional and other fees and expenses in connection with the SHBL Acquisition, is estimated to be approximately S$99.2 million (the "**SHBL Acquisition Cost**").

First REIT will, upon acquiring SHBL, indirectly hold SHBL through PT DGJ under seven 'Right to Build' (*Hak Guna Bangunan* or "**HGB**") title certificates which will expire on 26 March 2038 respectively. In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a 'Right to Build' or HGB title. HGB titles can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of such initial term, a HGB title may be extended for an additional term not exceeding 20 years.

(Paragraph 2, page 13 of the Letter to Unitholders provides further details on the SHBL Acquisition.)

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**"), were appointed by the Manager and the Trustee respectively to value SHBL.

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1 The term "**Centre of Excellence**" is used to describe a particular area of medical specialisation, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of the-art medical equipment and facilities, at a hospital.

2 As the SHBL Acquisition will constitute an Interested Party Transaction (as defined herein) under Appendix 6 of the Code on Collective Investment Schemes (the "**Property Funds Appendix**") issued by the Monetary Authority of Singapore (the "**MAS**"), the SHBL Acquisition Fee payable to the Manager will be in the form of Units (the "**SHBL 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.

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

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

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

SHBL Master Lease

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

(Paragraph 2.7, page 17 of the Letter to Unitholders provides further details on the terms of the SHBL Master Lease.)

Method of Financing the SHBL Acquisition

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

First REIT's current leverage is approximately 26.0%.

Interested Person Transaction[1] and Interested Party Transaction[2]

As at 10 April 2013, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder"[3] of First REIT and a "Controlling Shareholder"[4] of the Manager respectively under both the Listing Manual of the SGX-ST (the "**Listing Manual**") and the Property Funds Appendix.

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

2 "**Interested Party Transaction**" has the meaning ascribed to it in paragraph 5 of the Property Funds Appendix.

3 "**Controlling Unitholder**" means a person who:

(a) holds directly or indirectly 15.0% 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.

4 "**Controlling Shareholder**" means a person who:

(a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or

(b) in fact exercises control over a company.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT BMS, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager), is an Interested Person[1] and Interested Party[2] of First REIT.

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

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

(Paragraph 5, page 38 of the Letter to Unitholders provides further details.)

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHBL ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHBL MASTER LEASE.

UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 1 (THE SHBL ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 2 (THE SHTS ACQUISITION), RESOLUTION 3 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

RESOLUTION 2: THE SHTS ACQUISITION

Overview

SHTS, a 16-storey hospital with two basement levels, will commence operations on or about 15 April 2013. SHTS, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near middle upper residential area Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the close vicinity of SHTS include Metropolitan Tower Office Building, upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities) and Point Square Superblock (a mixed-use development comprising apartment and retail facilities). SHTS is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

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1 "**Interested Person**" means:

(a) in the case of a company:

(i) a director, chief executive officer, or controlling shareholder of the issuer; or

(ii) an associate of any such director, chief executive officer, or controlling shareholder; and

(b) in the case of a REIT, shall have the meaning defined in the Code on Collective Investment Schemes issued by the MAS.

2 "**Interested Party**" 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.

The total cost of the SHTS Acquisition, comprising the SHTS Purchase Consideration, the acquisition fee in relation to the SHTS Acquisition (the "**SHTS Acquisition Fee**")[1] payable to the Manager pursuant to the Trust Deed as well as the professional and other fees and expenses in connection with the SHTS Acquisition, is estimated to be approximately S$95.0 million (the "**SHTS Acquisition Cost**").

First REIT will, upon acquiring SHTS, indirectly hold SHTS through PT PDS under a HGB title.[2]

(Paragraph 3, page 27 of the Letter to Unitholders provides further details on the SHTS Acquisition.)

Valuation

Two independent property valuers, W&R and Rengganis, were appointed by the Manager and the Trustee respectively to value SHTS.

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

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

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

SHTS Master Lease

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

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

2 The HGB titles in respect of SHBL and SHTS were granted by the authorised National Land Office of the Republic of Indonesia *(Badan Pertanahan Nasional)* (the "**National Land Office**") at different times. In addition, the National Land Office has the discretion to determine the tenure of the HGB titles to be granted subject to the relevant maximum limit. For the above reasons, the tenure of the HGB titles for SHBL and SHTS are not the same. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of such initial term, a HGB title may be extended for an additional term not exceeding 20 years. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia like SHBL and SHTS.

The original HGB title in relation to SHTS (SHGB No. 1266, expiring on 28 September 2028), which was mortgaged to PT Bank Rakyat Indonesia (Persero) Tbk, had been segregated on 28 March 2013 and upon the existing mortgage to PT Bank Rakyat Indonesia (Persero) Tbk being released and the completion of the SHTS Acquisition, First REIT will acquire the new HGB title (SHGB No. 2577) issued in respect of SHTS by the relevant National Land Agency covering an area of 2,489 sq m ("**New SHGB**").

(Paragraph 3.7, page 30 of the Letter to Unitholders provides further details on the terms of the SHTS Master Lease.)

Method of Financing the SHTS Acquisition

S$43.1 million of the SHTS Purchase Consideration will be paid in cash, and the remaining S$50.0 million, being the SHTS Equity Consideration, will be satisfied by way of the issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor.

The cash portion of the SHTS Acquisition Cost is expected to be financed via a drawdown from First REIT's committed debt facility. The proportion of debt financing for SHTS will be approximately 47.4%. The final decision regarding the method of financing and the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions.

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" of First REIT and a "Controlling Shareholder" of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

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

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

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

(Paragraph 5, page 38 of the Letter to Unitholders provides further details.)

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHTS ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHTS MASTER LEASE.

UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 2 (THE SHTS ACQUISITION) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE SHBL ACQUISITION), RESOLUTION 3 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

RESOLUTION 3: THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

Partial payment for the SHTS Acquisition

The Manager will make partial payment for the SHTS Acquisition by issuing new Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor amounting up to an aggregate value of S$50.0 million. Based on an illustrative issue price of S$1.243, the total number of Consideration Units will be equivalent to 40,225,262 Units representing 6.0% of the total number of Units in issue as at the Latest Practicable Date. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SHTS Acquisition, in accordance with the provisions of the Trust Deed.

Status of the Consideration Units

The Consideration Units will not be entitled to distributions by First REIT for the period from 1 April 2013 to the date preceding the date of issue of the Consideration Units. Holders of the Consideration Units will only be entitled to receive distributions by First REIT from the date of their issue to 30 June 2013 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

Requirement of Unitholders' Approval for issuance of Consideration Units

The issue of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor will constitute a placement to a Substantial Unitholder[1] as Evodia is an indirect wholly-owned subsidiary of the Sponsor, and the Sponsor has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the issue of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor.

UNITHOLDERS SHOULD ALSO NOTE THAT RESOLUTION 3 (THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS) IS SUBJECT TO AND CONTINGENT UPON THE PASSING OF RESOLUTION 1 (THE SHBL ACQUISITION), RESOLUTION 2 (THE SHTS ACQUISITION) AND RESOLUTION 4 (THE WHITEWASH RESOLUTION).

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1 "**Substantial Unitholder**" refers to a Unitholder with an interest in more than 5.0% of all Units in issue.

RATIONALE FOR THE ACQUISITIONS AND THE ISSUANCE OF THE CONSIDERATION UNITS

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

(i) acquisition of attractive and high quality properties in Bali and South Jakarta, Indonesia, at prices below valuation;

(ii) increased income stability of First REIT through the SHBL Master Lease Agreement and the SHTS Master Lease Agreement and an increase in First REIT's weighted average lease to expiry;

(iii) increased absolute size of First REIT's asset base to S$1.02 billion may raise the profile of First REIT among global investors and an increased portfolio size which is expected to enhance First REIT's competitive positioning and ability to pursue future acquisitions;

(iv) 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;

(v) increase in attractiveness of the Enlarged Portfolio[1] given the reduction in the weighted average age of the properties in the Enlarged Portfolio given that SHBL and SHTS are newly built;

(vi) the issuance of the Consideration Units would limit the increase in First REIT's aggregate leverage; and

(vii) the issuance of the Consideration Units will further align the interests of the Sponsor with that of First REIT and its Unitholders.

(Paragraph 6, page 44 of the Letter to Unitholders provides further details.)

RESOLUTION 4: THE WHITEWASH RESOLUTION

Waiver of the Singapore Code of Take-overs and Mergers

The Securities Industry Council (the "**SIC**") has on 8 April 2013 granted a waiver (the "**SIC Waiver**") of the requirement by the Sponsor and parties acting in concert with it to make a Mandatory Offer for the remaining Units not owned or controlled by the Sponsor and parties acting in concert with it at the highest price paid or agreed to be paid by the Sponsor and parties acting in concert with it, in the event that they incur an obligation to make a Mandatory Offer pursuant to Rule 14 of the Singapore Code of Take-overs and Mergers (the "**Code**") as a result of:

1 "**Enlarged Portfolio**" consists of SHBL, SHTS and the Existing Portfolio (as defined herein).

(i) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or

(ii) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units[2] and/or the SHTS Acquisition Fee Units[3],

subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 8.2 of the Letter to Unitholders) including the approval of the Whitewash Resolution by Independent Unitholders at a general meeting of Unitholders (Resolution 4).

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a Mandatory Offer from the Sponsor and parties acting in concert with it for the remaining issued Units not owned or controlled by the Sponsor and parties acting in concert with it, in the event that they incur an obligation to make a Mandatory Offer as a result of:

(i) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or

(ii) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units.

Rule 14.1(a) of the Code states that the Sponsor and parties acting in concert with it would be required to make a Mandatory Offer if the Sponsor and parties acting in concert with it acquire additional Units which increase their aggregate unitholdings in First REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Sponsor and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 8.2 of the Letter to Unitholders) including the Whitewash Resolution being approved by Independent Unitholders at an extraordinary general meeting of Unitholders to be held at Capricorn Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 29 April 2013 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 10:00 a.m. on the same day and at the same place) (the "**EGM**").

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

Assuming that Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) receives the Consideration Units and the Manager receives (in its own capacity) the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units, the unitholdings of the Sponsor and parties acting in concert with it immediately after the completion of the Acquisitions will be approximately 32.9% of the enlarged unitholdings after the issue of the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units.

The unitholdings of the Sponsor and parties acting in concert with it are set out in paragraph 8.1 of the Letter to Unitholders.

Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor to receive the Consideration Units as partial consideration for the SHTS Acquisition and the Manager to receive (in its own capacity) the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units. The rationale for enabling Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor to receive the Consideration Units is set out in paragraph 6 of the Letter to Unitholders.

(See paragraph 8.3, page 51 of the Letter to Unitholders for further details.)

PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Effects of the Acquisitions

The pro forma financial effects of the Acquisitions presented below are strictly for illustrative purposes only and were prepared based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year of 2012 (the "**FY2012 Audited Consolidated Financial Statements**") and on the assumptions set out at paragraph 7.1, page 46 of the Letter to Unitholders, which state, among others, that the distribution per Unit ("**DPU**") was calculated having taken into account the relevant financing costs as well as the issuance of the Consideration Units and the new Units as payment for the acquisition fees.

Financial Year ended 31 December 2012

The pro forma financial effects of the Acquisitions on (i) the DPU for First REIT's financial year ended 31 December 2012 ("**FY2012**"), as if First REIT had purchased SHBL and SHTS (collectively, the "**Properties**") on 1 January 2012, and held the Properties through to 31 December 2012, and (ii) the net asset value ("**NAV**") per Unit as at 31 December 2012, as if First REIT had purchased the Properties on 31 December 2012, are as follows:

	FY2012	
	Before the Acquisitions[1]	**After the Acquisitions**
Distributable Income (S$'000)[2]	41,690	49,291
DPU (cents)[2]	6.58	6.96
NAV per Unit (S$)	0.83	0.90

Notes:

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

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

(Paragraph 7, page 46 of the Letter to Unitholders provides further details and assumptions on the pro forma financial effects of the Acquisitions.)

FIRST REIT

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

Directors of the Manager	**Registered Office**
Mr Albert Saychuan Cheok (Chairman and Independent Director)	50 Collyer Quay
Mr Goh Tiam Lock (Independent Director)	#06-01 OUE Bayfront
Mr Wong Gang (Independent Director)	Singapore 049321
Mr Ketut Budi Wijaya (Non-Executive Director)	
Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)	

12 April 2013

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS REQUIRED

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 purposes. In furtherance of First REIT's investment policy, the Manager is seeking the approval of Unitholders by way of Ordinary Resolutions at the EGM for the following resolutions:

(a) Resolution 1: The SHBL Acquisition;

(b) Resolution 2: The SHTS Acquisition;

(c) Resolution 3: The proposed issuance of the Consideration Units; and

(d) Resolution 4: The Whitewash Resolution.

Unitholders should note that Resolution 1, Resolution 2 and Resolution 3 relating to the SHBL Acquisition, the SHTS Acquisition and the proposed issuance of the Consideration Units respectively are inter-conditional. Unitholders should also note that Resolution 1, Resolution 2 and Resolution 3 are each also conditional upon Resolution 4 relating to the Whitewash Resolution. In the event that any of Resolution 1, Resolution 2, Resolution 3 and Resolution 4 is not passed, the Manager will not proceed with the Acquisitions.

2. THE PROPOSED SHBL ACQUISITION

2.1 Description of SHBL

SHBL, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia, commenced operations on 17 December 2012. SHBL has an operational capacity of 295 beds, with integrated shops for related use. SHBL is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the close vicinity of SHBL include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. SHBL is a Centre of Excellence for trauma, medical tourism, intensive care unit, orthopaedic and cardiology.

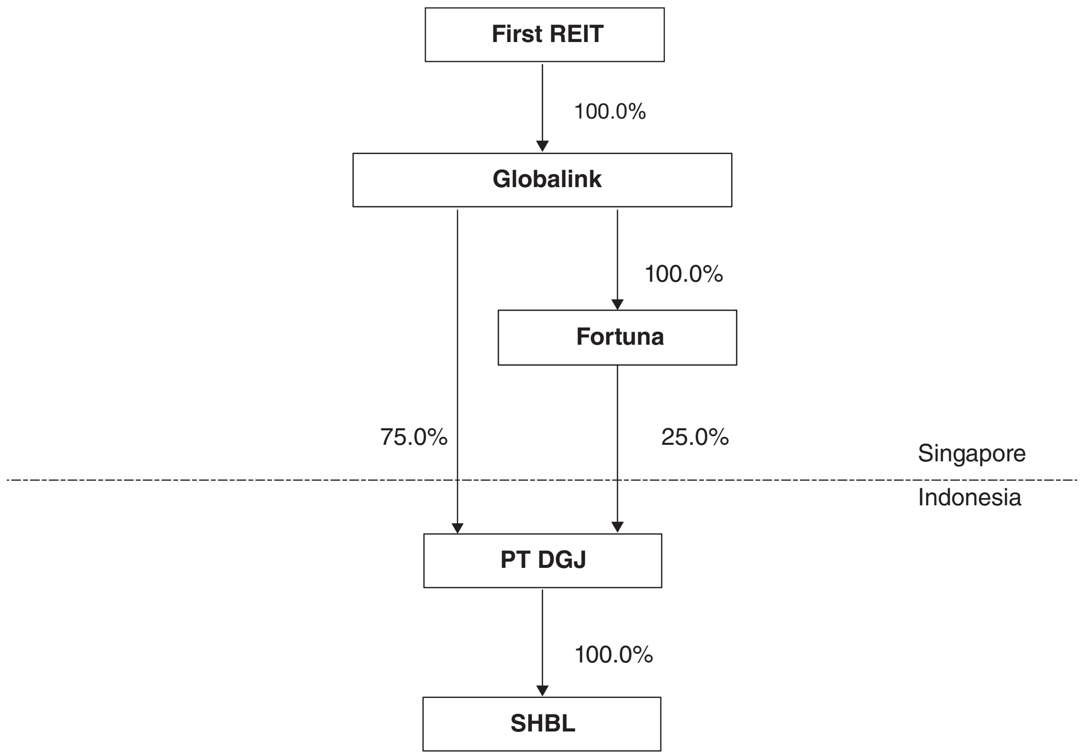
(**APPENDIX A** of this Circular provides further details on SHBL.)

2.2 Structure of the SHBL Acquisition

SHBL is entirely owned by PT BMS, an indirect wholly-owned subsidiary of the Sponsor incorporated on 7 September 2007. First REIT will indirectly acquire SHBL from PT BMS through PT DGJ, which was incorporated on 21 February 2013, and was ratified by the Ministry of Law and Human Rights of the Republic of Indonesia on 25 February 2013. First REIT's wholly-owned subsidiary, Globalink, and Globalink's wholly-owned subsidiary, Fortuna, respectively own 75.0% and 25.0% of the issued share capital of PT DGJ[1]. Globalink was incorporated on 31 July 2007 and Fortuna was incorporated on 6 August 2007.

On 26 March 2013, PT DGJ entered into a conditional land sale and purchase agreement with PT BMS (the "**SHBL SPA**") pursuant to which PT DGJ proposes to acquire SHBL at the SHBL Purchase Consideration. Under Indonesian law, First REIT would not be considered a legal entity, and therefore it may not directly own land in Indonesia or shares in an Indonesian limited liability company. In addition, pursuant to Indonesian Company Law, an Indonesian limited liability company must be owned by at least two entities. The proposed holding structure for SHBL is consistent with Indonesian Company Law.

The following chart sets out the structure under which SHBL will be indirectly held by First REIT through PT DGJ upon completion of the SHBL Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.



1 First REIT is not able to acquire PT BMS and PT DGJ directly, as pursuant to Indonesian Company Law articles 7(1) and 7(5), an Indonesian limited liability company must be held by two or more individuals and/or legal entities. The proposed holding structure of SHBL is consistent with Indonesian Company Law. Under Indonesia law, First REIT may not be considered a legal entity; therefore, it may not directly own land in Indonesia or shares in an Indonesian limited liability company.

2.3 Valuation and Purchase Consideration

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

(**APPENDIX B** provides further details on the Independent Valuers' respective valuations.)

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

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

2.4 Experience and track record of the Independent Valuers

Further to the decree of the Ministry of Finance of the Republic of Indonesia ("**MOF Indonesia**"), (No. 125/PMK.01/2008) on public appraisal services (the "**Decree**"), public appraisers are not permitted to provide appraisal services in Indonesia unless they have the status of *Kantor Jasa Penilai Publik* ("**KJPP**"), or Accredited Public Appraiser Firms, to provide such appraisal services. The Decree does not address the issue of foreign appraisers, but is intended to regulate the conduct of public appraisal services in Indonesia and it is likely that all relevant Indonesian governmental authorities would only recognise and accept appraisal reports from appraisers with KJPP status. As international valuers do not have KJPP status, the Independent Valuers were engaged.

W&R

W&R was established in 2009 and was formerly the valuation department of PT Willson Properti Advisindo established in 2001. W&R provides property valuation and consultancy services with international and domestic experience, and its clientele includes major international and local companies. The partners of W&R are qualified public valuers licensed with MOF Indonesia and registered in the Indonesian Capital Market and Financial Institution Supervisory Agency (Otoritas Jasa Keuangan) and are also members of the Indonesian Society of Appraisers (*Masyarakat Profesi Penilai Indonesia*) ("**MAPPI**").

Rengganis

Rengganis (formerly PT Heburinas Nusantara) is an independent valuation firm registered in MAPPI. Effective on 1 March 2010, Rengganis has established a strategic alliance with CB Richard Ellis, a global property services company. Rengganis is provided with a business permit from the Ministry of Finance and registered in Indonesian Capital Market & Financial Institutions Supervisory Agency (*Otoritas Jasa Keuangan*). Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

2.5 Conditions precedent for the Completion of the SHBL Acquisition

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

2.5.1 the approval by Unitholders to be given at the EGM for the SHBL Acquisition and the SHBL Master Lease;

2.5.2 the approval by Unitholders to be given at the EGM for the SHTS Acquisition and the SHTS Master Lease;

2.5.3 the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor as part consideration for the SHTS Acquisition;

2.5.4 the approval by Unitholders to be given at the EGM for the Whitewash Resolution;

2.5.5 First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects; and

2.5.6 there being no adverse change to the financial condition of the Sponsor (as the SHBL master lessee) or its ability to make payment to First REIT under the SHBL Master Lease Agreement.

The conditions precedent set out at sub-paragraphs 2.5.1 to 2.5.4 above are subject to the approval of the Independent Unitholders at the EGM. On the securing of financing to undertake the Acquisitions, please see paragraph 2.10 below. The condition precedent set out at sub-paragraph 2.5.6 above is subject to there being no adverse change to the financial condition of the Sponsor (as the SHBL master lessee) or its ability to make payment to First REIT under the SHBL Master Lease Agreement – this is intended for the benefit and protection of First REIT and its Independent Unitholders.

2.6 Indemnity in relation to the SHBL SPA

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

"Certain conditions" include, among others, the conditions that:

(a) the maximum aggregate liability in respect of all claims under the deed of indemnity shall not exceed the purchase price;

(b) written particulars shall have been notified in writing to the indemnifying party before the expiry of a period of 48 months for taxation claims and 24 months for any other claims from the date of completion; and

(c) unless such claim has already been settled to the satisfaction of the Trustee, proceedings in respect of the claim shall have been commenced by being both issued and served within four months of the expiry of the period mentioned in sub-paragraph (b) above.

2.7 SHBL Master Lease Agreement

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

2.7.1 Base Rent

The SHBL Master Lease is granted at an initial base rent of S$9,680,000 (the "**SHBL Base Rent**") per annum, an amount which was arrived at after the Manager had set a required initial yield which was then negotiated and agreed upon with the Sponsor on an arms' length basis. In the absence of direct hospital asset comparables, the Manager had used two of its existing properties, Siloam Hospitals Lippo Village and Siloam Hospitals Makassar, for which the tenants are currently paying S$3.87 and S$3.11 per square foot ("**sq ft**") per month respectively as a comparison with SHBL and for which the tenant of SHBL will be paying S$3.58 per sq ft per month based on the contracted base rent. The basis for the rental of S$3.58 per sq ft per month is arrived at based on commercial negotiations between willing parties (i.e. lessor and lessee). At this rental rate, First REIT is able to achieve the Manager's required rate of return. This rental rate is also in line with the current rental of the closest of the comparable assets in First REIT's portfolio, namely Siloam Hospitals Lippo Village and Siloam Hospitals Makassar. As the yield in relation to the annual SHBL Base Rent meets the Manager's commercial requirements and is in line with current market rates, the Manager is of the view that it is reasonable.

The current yield of SHBL in comparison with First REIT's Indonesia portfolio is as follows:

Property	Current Yield (% p.a.)
Siloam Hospitals Lippo Village	8.6
Siloam Hospitals Kebon Jeruk	8.7
Siloam Hospitals Surabaya	9.6
Imperial Aryaduta Hotel & Country Club	10.3
Mochtar Riady Comprehensive Cancer Centre	8.7
Siloam Hospitals Lippo Cikarang	9.5
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.7
Siloam Hospitals Makassar	8.6
SHBL	9.9

Based on the current yields as shown in the table above, the Manager is of the opinion that SHBL's rental yield is comparable to that of the other properties, and the rental rate is therefore reasonable. Furthermore, rental yields vary from asset to asset depending on the inherent characteristics of the assets.

(Paragraph 2.7.11 below provides details of the opinion of the audit committee of the Manager, being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang (the "**Audit Committee**") on the SHBL Base Rent for the first year of the SHBL Master Lease.)

The SHBL Base Rent is payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the SHBL Master Lease, at a rate equal to twice the percentage increase of the Consumer Price Index of Singapore (the "**Singapore CPI**") for the preceding calendar year, subject to a floor of 0.0% and a cap of 2.0%. SHBL only commenced operations on 17 December 2012. The freeze in the SHBL Base Rent amount will allow the tenant's operations to stabilize before the tenant is required to pay higher rental amounts via the rental escalation. Rental escalation in relation to SHBL is pegged to the Singapore CPI as the rental is payable in Singapore dollars, as is the case with the Existing Portfolio[1]. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.8% over the 15-year period between 1998 and 2012) provide assurance that the rental adjustments will be relatively stable compared with the Consumer Price Index of Indonesia (the "**Indonesia CPI**"). This is in line with First REIT's intent to offer stable distributions to investors. As SHBL's annual rental income is denominated in Singapore dollars, there is no risk of exchange rate exposure vis-à-vis the Indonesian Rupiah. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long term inflation rate in Singapore.

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

2.7.2 Variable Rent

Variable rent is payable quarterly in advance and no variable rent will be payable in the first, second and third year of the SHBL Master Lease. No variable rent will be payable for the first three years of operations as this will enable the tenant to conserve its cash flow to step up and enhance its operations to an optimal level. Variable rent for the fourth year of the SHBL Master Lease is based on the SHBL Gross Operating Revenue[2] growth and is calculated as described in paragraph 2.7.4. Thereafter, from the fifth year of the SHBL Master Lease Agreement onwards, variable rent is based on both the gross operating revenue growth of the Properties[3], and the ratio of the SHBL Total Rent[4] for the preceding year of the SHBL Master Lease will be applied to apportion the variable rent payable in a year (both as

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

2 "**SHBL Gross Operating Revenue**" means, with respect to a Fiscal Year (as defined herein), the aggregate of (i) the gross operating revenue of the SHBL master lessee derived specifically from the SHBL master lessee's healthcare and/or healthcare-related business carried on at SHBL and (ii) the Shops GOR (as defined herein).

3 The gross operating revenue growth of SHTS is included in the computation of the variable rent of SHBL and vice versa to ensure that the variable rent of each of SHBL and SHTS remains stable should the rental from any one of them experience low growth for any reason. Such method of computation for purposes of stabilisation of variable rent is similar to the computation of variable rent for the Existing Portfolio. The rationale for inclusion only in the fifth year is to allow for the stabilisation of SHBL's operations as SHBL only commenced operations on 17 December 2012.

4 The "**SHBL Total Rent**" refers to the sum of the SHBL Base Rent and SHBL's variable rent.

described in paragraphs 2.7.4 and 2.7.5[1]). The Manager also wishes to note that the SHBL Base Rent already forms the main bulk of the SHBL Total Rent which adequately achieves First REIT's required rate of return. SHBL's variable rent constitutes a small proportion of the SHBL Total Rent and it should be regarded as an additional bonus element.

2.7.3 Fixed Exchange Rate

The SHBL Total Rent shall be paid in Singapore dollars. In respect of the variable rent, if the gross operating revenue on which the calculation of the variable rent is based is calculated in Indonesian Rupiah, the SHBL Total Rent will be paid according to the exchange rate of S$1.00 to Rp. 7,800 (which shall be fixed for the entire lease term).

2.7.4 Computation of Variable Rent for the Fourth Year of the SHBL Master Lease

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

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

- where the SHBL Gross Operating Revenue for the preceding financial year exceeds the SHBL Gross Operating Revenue for the further preceding financial year by an amount that is 15.0% or more but less than 30.0%, the variable rent payable by the SHBL master lessee shall be equivalent to 1.25% of such excess amount; and

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

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

1 As computation of the variable rent of SHBL will be based on the aggregate gross operating revenue growth of the Properties, the ratio of the SHBL Total Rent paid in the preceding year is employed in order to obtain a fair apportionment of variable rent that the Sponsor is required to pay for SHBL. Based on this method of computation, an aggregate amount of the variable rent in relation to the Properties will be arrived at. Accordingly, apportionment is necessary to determine the variable rent payable for SHBL.

2.7.5 Computation of Variable Rent from and including the Fifth Year of the SHBL Master Lease

From and including the fifth year of the SHBL Master Lease, the variable rent payable is computed as follows:

$$\text{Variable rent payable under the SHBL Master Lease} = VR \times \frac{D}{E}$$

Where:

VR is the variable rent payable for the Properties;

D is the SHBL Total Rent in the preceding year of the SHBL Master Lease; and

E is the aggregate of the SHBL Total Rent in the preceding year of the SHBL Master Lease and the SHTS Total Rent (as defined herein) in the preceding year of the SHTS Master Lease.

2.7.6 Illustration of Computation of Variable Rent

(i) **Assumptions**

The following is an illustration of the computation of the variable rent in relation to SHBL for the fourth and fifth year of lease based on the assumptions that:

in relation to the fourth year of lease

(a) the SHBL Master Lease commenced on 1 January 2013;

(b) the fourth year of lease will commence on 1 January 2016;

(c) the SHBL Gross Operating Revenue for the financial year ended 31 December 2014 ("**FY2014**") is Rp. 250,000,000,000;

(d) the SHBL Gross Operating Revenue for the financial year ended 31 December 2015 ("**FY2015**") is Rp. 300,000,000,000; and

(e) further to paragraphs 2.7.6(i)(c) and (d) above, the SHBL Gross Operating Revenue growth for FY2015 over that of FY2014 is 20.0% and the surplus of the SHBL Gross Operating Revenue for FY2015 over that of FY2014 is Rp. 50,000,000,000;

in relation to the fifth year of lease

(f) the fifth year of lease will commence on 1 January 2017;

(g) the aggregate rental (including base and variable rent) paid in relation to SHBL in the fourth year of lease is S$9,953,728[1];

1 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

(h) the aggregate rental (including base and variable rent) paid in relation to SHTS in the fourth year of lease is S$9,557,379[1];

(i) the SHBL Gross Operating Revenue for FY2015 and the financial year ended 31 December 2016 ("**FY2016**") are Rp. 300,000,000,000 and Rp. 400,000,000,000 respectively;

(j) the SHTS Gross Operating Revenue[2] for FY2015 and FY2016 are Rp. 310,000,000,000 and Rp. 420,000,000,000 respectively;

(k) further to paragraphs 2.7.6(i)(i) and 2.7.6(i)(j) above, the aggregate gross operating revenue for the Properties for FY2015 and FY2016 are Rp. 610,000,000,000 and Rp. 820,000,000,000 respectively; and

(l) further to paragraph 2.7.6(i)(k) above, the Properties' gross operating revenue growth for FY2016 over that of FY2015 is approximately 34.4% and the surplus of the Properties' gross operating revenue for FY2016 over that of FY2015 is Rp. 210,000,000,000.

(ii) **Variable rent for the fourth year**

Based on the assumptions set out in paragraph 2.7.6(i) above, the variable rent in respect of SHBL for the fourth year of lease will be 1.25% x Rp. 50,000,000,000 (i.e. Rp. 625,000,000 or approximately S$80,128[3]). The rate of 1.25% is derived from the terms of the SHBL Master Lease Agreement for computation of SHBL's variable rent as set out in paragraph 2.7.4 above.

(iii) **Variable rent for the fifth year**

Step 1

Based on the assumptions set out in paragraph 2.7.6(i) above, the variable rent in respect of the Properties for the fifth year of lease will be 2.00% x Rp. 210,000,000,000[4] (i.e. Rp. 4,200,000,000 or approximately S$538,462[5]). The rate of 2.00% is part of the terms of the SHBL Master Lease Agreement for computation of SHBL's variable rent as set out in paragraph 2.7.4 above.

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1 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

2 "**SHTS Gross Operating Revenue**" means, with respect to a Fiscal Year, the gross operating revenue of the SHTS master lessee derived specifically from the SHTS master lessee's healthcare and/or healthcare-related business carried on at SHTS.

3 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

4 Rp. 210,000,000,000 is the aggregate gross operating revenue surplus of the Properties for FY2016 over that of FY2015.

5 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

Step 2

The variable rent payable for SHBL for the fifth year of lease is computed as follows:

$$\text{S\$538,462}^{(1)} \times \frac{\text{S\$9,953,728}^{(2),(4)}}{(\text{S\$9,953,728} + \text{S\$9,557,379})^{(3),(4)}} = \text{S\$274,700}^{(4)}$$

Notes:

(1) The total variable rent payable in respect of the Properties in the fifth year of lease.

(2) The aggregate rental (including base and variable rent) paid in relation to SHBL in the fourth year of lease.

(3) The aggregate of the rental (including base and variable rent) paid in relation to SHBL and SHTS in the fourth year of lease.

(4) Based on the fixed exchange rate of S$1.00: Rp. 7,800.

2.7.7 Assignment/Subletting

The Sponsor, as master lessee, may sublet SHBL to sub-tenants, subject to such conditions as PT DGJ may reasonably impose.

PT DGJ's prior written consent is required for any assignment of the SHBL Master Lease by the Sponsor, except in the case of an assignment by the Sponsor to its subsidiary. In an assignment by the Sponsor to its subsidiary, PT DGJ's consent is not required but such assignment shall be subject to a condition that in the event of default by the assignee, the lease will revert to the Sponsor as the lessee.

2.7.8 Maintenance and other Operating Expenses of SHBL

The costs of maintenance and operating expenses in relation to SHBL will be borne by the Sponsor, as the master lessee, as is the case with the properties in First REIT's Existing Portfolio. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operating expenses in relation to SHBL.

2.7.9 Insurance

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

(i) an insurance policy over all of the Sponsor's property including any and all goods and stock-in-trade in SHBL to their full insurable value against all risks commonly insured against in respect of such property;

(ii) an insurance policy against loss of rental income, terrorism and sabotage and all risks and damage to the building at SHBL and all parts thereof which the Sponsor is obliged to keep in repair under the SHBL Master Lease;

(iii) a comprehensive public liability insurance policy against claims for personal injury, death or property damage or loss, arising out of all operations of the Sponsor and its permitted occupiers in SHBL; and

(iv) an insurance policy covering all of the Sponsor's risks (including earthquake) with such insurance coverage as appropriate and typical for the size and type of business carried out by the Sponsor at SHBL.

2.7.10 Conditions Precedent

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

2.7.11 Audit Committee's opinion on the SHBL Base Rent for the first year of the SHBL Master Lease

The size, location and age of Siloam Hospitals Lippo Village and Siloam Hospitals Makassar are set out in the table below:

Property	Location	Gross Floor Area ("GFA") (sq m)	Age of Property (years)
Siloam Hospitals Lippo Village	Lippo Karawaci Township	27,284.00	18.0
Siloam Hospitals Makassar	Makassar City	14,307.00	0.3

The Audit Committee is of the opinion that it is reasonable to benchmark the rental rates of SHBL to those of Siloam Hospitals Lippo Village and Siloam Hospitals Makassar for the following reasons:

(i) each of SHBL, Siloam Hospitals Lippo Village and Siloam Hospitals Makassar provides primary, secondary and tertiary healthcare services with advanced and high-quality medical care and facilities; and

(ii) each of SHBL, Siloam Hospitals Lippo Village and Siloam Hospitals Makassar serves the middle to upper middle-income patient brackets within the catchment areas of Bali, Lippo Karawaci Township and Makassar City respectively.

In view of the above reasons and Siloam Hospitals Lippo Village and Siloam Hospitals Makassar's current rental of S$3.87 and S$3.11 per sq ft per month respectively, the Audit Committee is also of the opinion that SHBL's rental rate of S$3.58 per sq ft per month for the first year of the SHBL Master Lease under the SHBL Master Lease Agreement is reasonable.

2.7.12 Indonesian Currency Law

On 28 June 2011, the Government of the Republic of Indonesia issued Law No. 7 of 2011 on Currency (*Undang-Undang Mata Uang*) ("**Law No. 7/2011**"), which provides that the Indonesian Rupiah currency shall be used in every payment transaction, fulfillment of other money obligations and/or other financial transactions within the territory of the Republic of Indonesia, except in cases involving certain transactions for the implementation of the state budget, grants to or from other countries, international trade transactions, foreign currency bank deposits and international financing transactions.

In addition, it is provided that a person is prohibited from refusing to receive Indonesian Rupiah for payment or fulfilment of an obligation to be fulfilled in Indonesian Rupiah and/or for other financial transactions within the territory of the

Republic of Indonesia, unless there is doubt as to the authenticity of the Indonesian Rupiah and that the above is exempted for foreign currency payments or fulfilment of obligations which have been agreed in writing.[1]

The implementing regulation for Law No. 7/2011 is to be issued within 1 (one) year from its effective date of 28 June 2011 but as of the Latest Practicable Date has yet to be issued, other than the enactment of Bank of Indonesia Regulation No. 14/7/PBI/2012 concerning the Management of Indonesian Rupiah Currency (*Pengelolaan Uang Rupiah*) by Bank of Indonesia.

There is uncertainty regarding the implementation of Articles 21 and 23 of Law No. 7/2011, as Article 23 prohibits settlement in a currency other than Rupiah, while Article 21 provides a number of exceptions to the prohibition of the rejection of Rupiah. To address public concerns, MOF Indonesia, through the Directorate General of Treasury of the Republic of Indonesia, had on 6 December 2011 issued a document to the public on the interpretation of Law No. 7/2011, the Currency Law ("**MOF Interpretation**"), to address the public's concerns. The MOF Interpretation explains that the Currency Law of Law No. 7/2011 only applies to cash transactions (bank notes and coins). Non-physical transactions (*uang giral*) (e.g. cheques and letter of credits) or through electronic payment systems are permitted. The MOF Interpretation also explains that the transactions as mentioned in Article 23 of Law No. 7/2011 can be exempted by a contractual arrangement existing or entered into either before or after the enactment of Law No. 7/2011. However, it should be noted that the MOF Interpretation is not a legislative product and arguably may be subject to challenge. Every person who does not comply with Law No. 7/2011 is in violation and guilty of misdemeanor and is punishable by up to one year of confinement or a fine of up to Rp. 200 million.

Since Law No. 7/2011 is new and untested, there is uncertainty as to how this law will be interpreted or applied in relation to the SHBL Master Lease Agreement.

In any case, it is provided in the SHBL Master Lease Agreement that if as a result of any enactment of a new law, the SHBL Total Rent is required to be paid in Indonesian Rupiah, the SHBL master lessee shall:

(i) with effect from the date that such requirement comes into effect, pay the SHBL Total Rent in Indonesian Rupiah in such amount equivalent to the SHBL Total Rent in Singapore dollars at the prevailing conversion rate of the Bank of Indonesia; and

(ii) bear any hedging and other costs of the SHBL master lessor in order to ensure that the SHBL Total Rent is not less than the amount that the SHBL master lessor would have received had the SHBL Total Rent been paid by the SHBL master lessee in Singapore dollars.

2.8 Completion

Completion of the sale and purchase of SHBL under the SHBL SPA is expected to take place as soon as practicable after raising adequate proceeds for the Acquisitions and after the conditions precedent set out in the SHBL SPA have been fulfilled.

1 Article 23 of Law No. 7/2011

2.9 Costs of the SHBL Acquisition

The SHBL Acquisition Cost is currently estimated to be approximately S$99.2 million, comprising the following:

2.9.1 the SHBL Purchase Consideration of S$97.3 million;

2.9.2 the SHBL Acquisition Fee[1] of approximately S$973,000 payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which shall be payable in the form of the SHBL Acquisition Fee Units; and

2.9.3 the estimated professional and other fees and expenses of approximately S$0.9 million[2] incurred by First REIT in connection with the SHBL Acquisition.

2.10 Method of Financing the SHBL Acquisition

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

2.1 HGB Title

First REIT will, upon acquiring SHBL, indirectly hold SHBL through PT DGJ under seven HGB title certificates which will expire on 26 March 2038 respectively. In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of 'leasehold' title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a 'Right to Build' or HGB title. HGB titles can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. This right is transferable and may be encumbered.

A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years. The application for an extension must be made no later than two years prior to the expiration of the initial term at the National Land Office. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner by fulfilling certain requirements. The application for the new HGB title should be made no later than two years prior to the expiration of the extension. The cost of extension is determined based on certain formulas as stipulated by the National Land Office. The National Land Office tends to grant an extension or renewal of HGB titles, subject to there being no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

The Manager had previously successfully renewed the HGB titles of Siloam Hospitals Surabaya. Siloam Hospitals Surabaya is held under HGB Certificate No. 325/Gubeng, HGB Certificate No. 343/Gubeng, HGB Certificate No. 340/Gubeng, HGB Certificate No. 476/Gubeng, HGB Certificate No. 494/Gubeng, HGB Certificate No. 408/Gubeng, HGB Certificate No. 410/Gubeng, HGB Certificate No. 243K/Gubeng and HGB Certificate No.

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1 Being 1.0% of the SHBL Purchase Consideration.

2 It is expected that most of the professional and other fees and expenses in connection with the SHBL Acquisition will be incurred by First REIT even if the Manager does not proceed with the SHBL Acquisition.

264/Gubeng. Three of these HGB titles, being HGB Certificate No. 243K/Gubeng, HGB Certificate No. 264/Gubeng and HGB Certificate No. 325/Gubeng, expired on 1 February 2009, 19 September 2010 and 31 March 2013 respectively. The Manager had on 12 November 2008, 20 November 2008 and 25 February 2013 successfully renewed all three HGB Certificate No. 243K/Gubeng, HGB Certificate No. 264/Gubeng and HGB Certificate No. 325/Gubeng till 31 January 2029, 18 September 2030 and 30 March 2033 respectively.

The Manager had also successfully renewed three HGB title of Siloam Hospitals Lippo Village. Siloam Hospitals Lippo Village is held under HGB Certificate No. 9687/Bencongan, HGB Certificate No. 01261/Bencongan Indah (originally HGB Certificate No. 4439/Bencongan)[1], HGB Certificate No. 02160 Bencongan Indah (originally HGB Certificate No. 9688/Bencongan)[2], HGB Certificate No. 6938/Bencongan, HGB Certificate No. 3867/Bencongan, HGB Certificate No. 10186/Bencongan and HGB Certificate No. 10187/Bencongan. Three of these HGB titles, being HGB Certificate No. 9687/Bencongan, HGB Certificate No. 01261/Bencongan Indah and HGB Certificate No. 02160 Bencongan Indah expired on 25 December 2011, 26 July 2012 and 26 July 2012 respectively. The Manager had on 2 May 2011 successfully renewed HGB Certificate No. 9687/Bencongan till 25 December 2031 and on 25 January 2012 successfully renewed HGB Certificate No. 01261/Bencongan Indah and HGB Certificate No. 02160 Bencongan Indah till 26 July 2032.

The Manager had also successfully renewed four HGB titles of Imperial Aryaduta Hotel & Country Club. Imperial Aryaduta Hotel & Country Club is held under HGB Certificate No. 01335/Bencongan Indah (Originally HGB Certificate No. 9392/Bencongan)[3], HGB Certificate No. 01332/Bencongan Indah (Originally HGB Certificate No. 9393/Bencongan)[4], HGB Certificate No. 01333/Bencongan Indah (Originally HGB Certificate No. 10859/Bencongan)[5], HGB Certificate No. 01334/Bencongan Indah (Originally HGB Certificate No. 14411/Bencongan)[6], HGB Certificate No. 9678/Bencongan, HGB Certificate No. 9679/Bencongan, HGB Certificate No. 9680/Bencongan, HGB Certificate No. 9681/Bencongan, HGB Certificate No. 9682/Bencongan, HGB Certificate No. 9683/Bencongan, HGB Certificate No. 10856/Bencongan, HGB Certificate No. 10857/Bencongan, HGB Certificate No. 00061/Bencongan Indah, HGB Certificate No. 00062/Bencongan Indah and HGB Certificate No. 00063/Bencongan Indah. Four of these HGB titles, being HGB Certificate No. 01335/Bencongan Indah, HGB Certificate No. 01332/Bencongan Indah, HGB Certificate No. 01333/Bencongan Indah and HGB Certificate No. 01334/Bencongan Indah expired on 26 July 2012. The Manager had on 4 April 2012 successfully renewed HGB Certificate No. 01335/Bencongan Indah, HGB Certificate No. 01332/Bencongan Indah, HGB Certificate No. 01333/Bencongan Indah and HGB Certificate No. 01334/Bencongan Indah till 26 July 2032.

1 Change in HGB Certificate No. is due to region enlargement by National Land Office.

2 Change in HGB Certificate No. is due to region enlargement by National Land Office.

3 Change in HGB Certificate No. is due to region enlargement by National Land Office.

4 Change in HGB Certificate No. is due to region enlargement by National Land Office.

5 Change in HGB Certificate No. is due to region enlargement by National Land Office.

6 Change in HGB Certificate No. is due to region enlargement by National Land Office.

Pursuant to one of the Building Construction Licenses of SHBL, SHBL is located and constructed on seven connected parcels of land represented by seven HGB certificates. This is similar to some of the Indonesia properties in First REIT's existing portfolio where a single property is constructed on parcels of land which are represented by more than one HGB certificate.

Property	No of HGB Title Certificates
Siloam Hospitals Lippo Village	7
Siloam Hospitals Surabaya	9
Imperial Aryaduta Hotel & Country Club	15
Siloam Hospitals Manado & Hotel Aryaduta Manado	6

3. THE PROPOSED SHTS ACQUISITION

3.1 Description of SHTS

SHTS is located at Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selatan, Indonesia. SHTS, a 16-storey hospital with two basement levels, will commence operations on or about 15 April 2013. SHTS will have an operational capacity of 271 beds. SHTS, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near middle upper residential area Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the close vicinity of SHTS include Metropolitan Tower Office Building, upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities) and Point Square Superblock (a mixed-use development comprising apartment and retail facilities). SHTS is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

(**APPENDIX A** of this Circular provides further details about SHTS.)

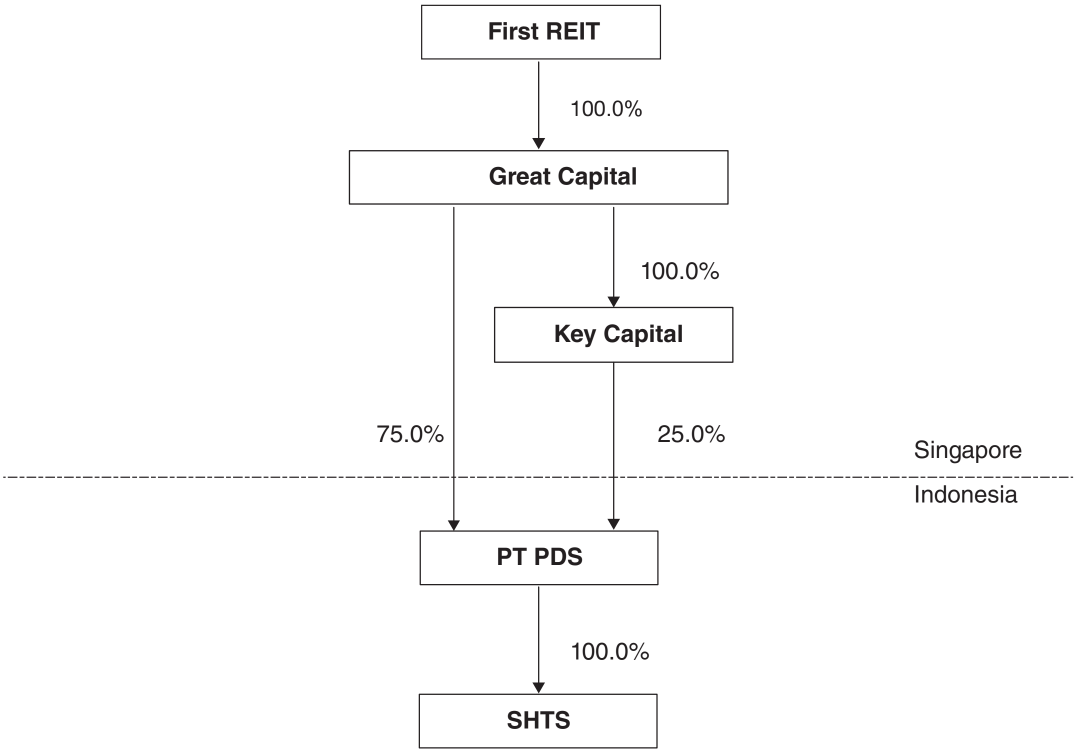
3.2 Structure of the SHTS Acquisition

SHTS will be entirely owned by PT PDS, a special purpose vehicle incorporated in Indonesia on 21 July 2011 (and was ratified by the Ministry of Law and Human Rights of the Republic of Indonesia on 28 July 2011) for the purpose of holding SHTS. PT PDS is in turn 75.0% and 25.0% owned by Great Capital and Key Capital respectively[1]. Great Capital and Key Capital are companies incorporated in Singapore on 31 July 2007 and 6 August 2007, respectively. Key Capital is a wholly-owned subsidiary of Great Capital, and Great Capital is wholly-owned by Evodia, a company incorporated in Labuan, Malaysia on 30 August 2007 which is an indirect wholly-owned subsidiary of the Sponsor. First REIT proposes to acquire SHTS through the acquisition of the entire issued share capital of Great Capital from Evodia. Evodia is present in the current holding structure of SHTS by the Sponsor. This structure will have no impact on First REIT before or after the acquisition. For the avoidance of doubt, First REIT will not be holding Evodia, which is the vendor.

1 First REIT is not able to acquire PT BMS and PT PDS directly, as pursuant to Indonesian Company Law, an Indonesian limited liability company must be held by two or more individuals and/or legal entities. The proposed holding structure of SHTS is consistent with Indonesian Company Law. Under Indonesia law, First REIT may not be considered a legal entity; therefore, it may not directly own land in Indonesia or shares in an Indonesian limited liability company.

On 26 March 2013, the Trustee entered into a conditional sale and purchase agreement with Evodia (the "**SHTS SPA**") pursuant to which the Trustee proposed to acquire the entire share capital of Great Capital at the SHTS Purchase Consideration.

The following chart sets out the structure under which SHTS will be held by First REIT upon completion of the SHTS Acquisition, as well as the resulting shareholding and ownership interest in the entities set out below.



3.3 Valuation and Purchase Consideration

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

(**APPENDIX B** provides further details on the Independent Valuers' respective valuations.)

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

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

3.4 Experience and track record of the Independent Valuers

(Paragraph 2.4 above provides further details of the experience and track record of the Independent Valuers.)

3.5 Conditions precedent for the Completion of the SHTS Acquisition

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

3.5.1 the approval by Unitholders to be given at the EGM for the SHBL Acquisition and the SHBL Master Lease;

3.5.2 the approval by Unitholders to be given at the EGM for the SHTS Acquisition and the SHTS Master Lease;

3.5.3 the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor as part consideration for the SHTS Acquisition;

3.5.4 the approval by Unitholders to be given at the EGM for the Whitewash Resolution;

3.5.5 First REIT securing sufficient financing to undertake the Acquisitions and the agreements for such financing not having been terminated and being unconditional in all respects;

3.5.6 there being no adverse change to the financial condition of the Sponsor (as SHTS master lessee) or its ability to make payment to First REIT under the SHTS Master Lease Agreement; and

3.5.7 the SHGB No. 1266 has been segregated into the New SHGB, with proper legal and good marketable title to SHTS having been delivered to PT PDS.

The conditions precedent set out at sub-paragraphs 3.5.1 to 3.5.4 above are subject to the approval of the Independent Unitholders at the EGM. On the securing of financing to undertake the Acquisitions, please see paragraph 3.10 below. The condition precedent set out at sub-paragraph 3.5.6 above is subject to there being no adverse change to the financial condition of the Sponsor (as the SHTS master lessee) or its ability to make payment to First REIT under the SHTS Master Lease Agreement – this is intended for the benefit and protection of First REIT and its Independent Unitholders. In relation to the condition precedent set out at sub-paragraph 3.5.7 above SHGB No. 1266 has been segregated into the New SHGB on 28 March 2013[1] and this condition precedent is subject to the existing mortgage over the New SHGB to PT Bank Rakyat Indonesia (Persero) Tbk being released.

1 The HGB title which SHTS was originally situated on (SHGB No. 1266) included a parcel of land (amounting to approximately 343 sq m) which was not part of SHTS. As at the date of entry of the SHTS SPA, SHGB No. 1266 was in the process of being segregated to exclude this additional parcel of land. The segregation process was completed on 28 March 2013 and a new SHGB No. 2577 (expiring on 28 September 2028) has been issued in relation to the 2,489 sq m of land which SHTS is situated on.

3.6 Indemnity in relation to the SHTS SPA

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

"Certain conditions" include, among others, the conditions that:

(a) the maximum aggregate liability in respect of all claims under the deed of indemnity shall not exceed the purchase price;

(b) written particulars shall have been notified in writing to the indemnifying party before the expiry of a period of 48 months for taxation claims and 24 months for any other claims from the date of completion; and

(c) unless such claim has already been settled to the satisfaction of the Trustee, proceedings in respect of the claim shall have been commenced by being both issued and served within four months of the expiry of the period mentioned in sub-paragraph (b) above.

3.7 The SHTS Master Lease Agreement

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

3.7.1 Base Rent

The SHTS Master Lease is granted at an initial base rent of S$9,260,000 (the "**SHTS Base Rent**") per annum, an amount which was arrived at after the Manager had set a required initial yield which was then negotiated and agreed upon with the Sponsor on an arms' length basis. In the absence of direct hospital asset comparables, the Manager had used one of its existing properties, Mochtar Riady Comprehensive Cancer Centre, for which the tenants are currently paying S$3.98 per sq ft per month as a comparison with SHTS and for which the tenant will be paying S$3.85 per sq ft per month based on the contracted base rent. The rate of S$3.85 per sq ft per month was arrived at based on commercial negotiations between willing parties. At this rental rate, First REIT will be able to achieve its required rate of return. This rental rate is also in line with the current rental of the closest of the comparable assets in First REIT's portfolio, namely Mochtar Riady Comprehensive Cancer Centre. As the yield in relation to the annual SHTS Base Rent meets the Manager's commercial requirements and is in line with current market rates, the Manager is of the view that it is reasonable.

The current yield of SHTS in comparison with First REIT's Indonesia portfolio is as follows:

Property	Current Yield (% p.a.)
Siloam Hospitals Lippo Village	8.6
Siloam Hospitals Kebon Jeruk	8.7
Siloam Hospitals Surabaya	9.6
Imperial Aryaduta Hotel & Country Club	10.3
Mochtar Riady Comprehensive Cancer Centre	8.7
Siloam Hospitals Lippo Cikarang	9.5
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.7
Siloam Hospitals Makassar	8.6
SHTS	9.9

Based on the current yields as shown in the table above, the Manager is of the opinion that SHTS' rental yield is comparable to that of the other properties, and the rental rate is therefore reasonable. Furthermore, rental yields vary from asset to asset depending on the inherent characteristics of the assets.

(Paragraph 3.7.11 below provides details of the opinion of the Audit Committee on the SHTS Base Rent for the first year of the SHTS Master Lease.)

The SHTS Base Rent is payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the SHTS Master Lease, at a rate equal to twice the percentage increase of the Singapore CPI for the preceding calendar year, subject to a floor of 0.0% and a cap of 2.0%. Rental escalation in relation to SHTS is pegged to the Singapore CPI as the rental is payable in Singapore dollars, as is the case with the Existing Portfolio. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 1.8% over the 15-year period between 1998 and 2012) provide assurance that the rental adjustments will be relatively stable compared with the Indonesia CPI. This is in line with First REIT's intent to offer stable distributions to investors. As SHTS' annual rental income is denominated in Singapore dollars, which has been agreed by the parties and stipulated in the SHTS Master Lease Agreement, there is no risk of exchange rate exposure vis-à-vis the Indonesian Rupiah. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

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

3.7.2 Variable Rent

Variable rent is payable quarterly in advance and no variable rent will be payable in the first, second and third year of the SHTS Master Lease. No variable rent will be payable for the first three years of operations as this will enable the tenant to conserve its cash flow to step up and enhance its operations to an optimal level. Variable rent for the fourth year of the SHTS Master Lease is based on the SHTS Gross Operating Revenue growth and is calculated as described in paragraph 3.7.4. Thereafter, from the fifth year of the SHTS Master Lease Agreement onwards, variable rent is based on the gross operating revenue growth of the Propertiess[1], and the ratio of the SHTS Total Rent[2] for the preceding year of the SHTS Master Lease will be applied to apportion the variable rent payable in a year (both as described in paragraphs 2.7.5 and 3.7.5[3]). The Manager also wishes to note that the SHTS Base Rent already forms the main bulk of the SHTS Total Rent which adequately achieves First REIT's required rate of return. SHTS' variable rent constitutes a small proportion of the SHTS Total Rent and it should be regarded as an additional bonus element.

3.7.3 Fixed Exchange Rate

The SHTS Total Rent shall be paid in Singapore dollars. In respect of the variable rent, if the gross operating revenue on which the calculation of the variable rent is based is calculated in Indonesian Rupiah, the SHTS Total Rent will be paid according to the exchange rate of S$1.00 to Rp. 7,800 (which shall be fixed for the entire lease term).

3.7.4 Computation of Variable Rent for the Fourth Year of the SHTS Master Lease

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

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

- where the SHTS Gross Operating Revenue for the preceding financial year exceeds the SHTS Gross Operating Revenue for the further preceding financial year by an amount that is 15.0% or more but less than 30.0%, the variable rent payable by SHTS master lessee shall be equivalent to 1.25% of such excess amount; and

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1 The gross operating revenue growth of SHBL is included in the computation of the variable rent of SHTS and vice versa to ensure that the variable rent of each of SHBL and SHTS remains stable should the rental any one of them experience low growth for any reason. Such method of computation for purposes of stabilisation of variable rent is similar to the computation of variable rent for the Existing Portfolio. The rationale for inclusion only in the fifth year is to allow for the stabilisation of SHTS's operations as SHTS will only commence operations on or about 15 April 2013.

2 "**SHTS Total Rent**" refers to the sum of the SHTS Base Rent and SHTS's variable rent.

3 As computation of the variable rent of SHTS will be based on the aggregate gross operating revenue growth of the Properties, the ratio of the SHTS Total Rent paid in the preceding year is employed in order to obtain a fair apportionment of variable rent that the Sponsor is required to pay for SHTS. Based on this method of computation, an aggregate amount of the variable rent in relation to the Properties will be arrived at. Accordingly, apportionment is necessary to determine the variable rent payable for SHTS.

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

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

3.7.5 Computation of Variable Rent from and including the Fifth Year of SHTS Master Lease

From and including the fifth year of the SHTS Master Lease, the variable rent payable is computed as follows:

$$\text{Variable rent payable under the SHTS Master Lease} = VR \times \frac{Y}{Z}$$

Where:

VR is the variable rent payable for the Properties;

Y is the SHTS Total Rent in the preceding year of the SHTS Master Lease; and

Z is the aggregate of the SHBL Total Rent in the preceding year of the SHBL Master Lease and the SHTS Total Rent in the preceding year of the SHTS Master Lease.

3.7.6 Illustration of Computation of Variable Rent

(i) **Assumptions**

The following is an illustration of the computation of the variable rent in relation to SHTS for the fourth and fifth year of lease based on the assumptions that:

in relation to the fourth year of lease

(a) the SHTS Master Lease commenced on 1 January 2013;

(b) the fourth year of lease will commence on 1 January 2016;

(c) the SHTS Gross Operating Revenue for FY2014 is Rp. 240,000,000,000;

(d) the SHTS Gross Operating Revenue for FY2015 is Rp. 310,000,000,000; and

(e) further to paragraphs 3.7.6(i)(c) and (d) above, the SHTS Gross Operating Revenue growth for FY2015 over that of FY2014 is 29.2% and the surplus of the SHTS Gross Operating Revenue for FY2015 over that of FY2014 is Rp. 70,000,000,000;

in relation to the fifth year of lease

(f) the fifth year of lease will commence on 1 January 2017;

(g) the aggregate rental (including base and variable rent) paid in relation to SHBL in the fourth year of lease is S$9,953,728[1];

(h) the aggregate rental (including base and variable rent) paid in relation to SHTS in the fourth year of lease is S$9,557,379[2];

(i) the SHBL Gross Operating Revenue for FY2015 and FY2016 are Rp. 300,000,000,000 and Rp. 400,000,000,000 respectively;

(j) the SHTS Gross Operating Revenue for FY2015 and FY2016 are Rp. 310,000,000,000 and Rp. 420,000,000,000 respectively;

(k) further to paragraphs 3.7.6(i)(i) and 3.7.6(i)(j) above, the aggregate gross operating revenue for the Properties for FY2015 and FY2016 are Rp. 610,000,000,000 and Rp. 820,000,000,000 respectively; and

(l) further to paragraph 3.7.6(i)(k) above, the Properties' gross operating revenue growth for FY2016 over that of FY2015 is approximately 34.4% and the surplus of the Properties' gross operating revenue for FY2016 over that of FY2015 is Rp. 210,000,000,000.

(ii) **Variable rent for the fourth year**

Based on the assumptions set out in paragraph 3.7.6(i) above, the variable rent in respect of SHTS for the fourth year of lease will be 1.25% x Rp. 70,000,000,000 (i.e. Rp. 875,000,000 or approximately S$112,179[3]). The rate of 1.25% is derived from the terms of the SHTS Master Lease Agreement for computation of SHTS' variable rent as set out in paragraph 3.7.4 above.

(iii) **Variable rent for the fifth year**

Step 1

Based on the assumptions set out in paragraph 3.7.6(i) above, the variable rent in respect of the Properties for the fifth year of lease will be 2.00% x Rp. 210,000,000,000[4](i.e. Rp. 4,200,000,000 or approximately S$538,462[5]). The rate of 2.00% is part of the terms of the SHTS Master Lease Agreement for computation of SHTS' variable rent as set out in paragraph 3.7.4 above.

1 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

2 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

3 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

4 Rp. 210,000,000,000 is the aggregate gross operating revenue surplus of the Properties for FY2016 over that of FY2015.

5 Based on the fixed exchange rate of S$1.00: Rp. 7,800.

Step 2

The variable rent payable for SHTS for the fifth year of lease is computed as follows:

$$S\$538{,}462^{(1)} \times \frac{S\$9{,}557{,}379^{(2),(4)}}{(S\$9{,}953{,}728 + S\$9{,}557{,}379)^{(3),(4)}} = S\$263{,}762^{(4)}$$

Notes:

(1) The total variable rent payable in respect of the Properties in the fifth year of lease.

(2) The aggregate rental (including base and variable rent) paid in relation to SHTS in the fourth year of lease.

(3) The aggregate of the rental (including base and variable rent) paid in relation to SHBL and SHTS in the fourth year of lease.

(4) Based on the fixed exchange rate of S$1.00: Rp. 7,800.

3.7.7 Assignment/Subletting

The Sponsor, as master lessee, may sublet SHTS to sub-tenants, subject to such conditions as PT PDS may reasonably impose.

PT PDS's prior written consent is required for any assignment of the SHTS Master Lease by the Sponsor, except in the case of an assignment by the Sponsor to its subsidiary. In an assignment by the Sponsor to its subsidiary, PT PDS's consent is not required but such assignment shall be subject to a condition that in the event of default by the assignee, the lease will revert to the Sponsor as the lessee.

3.7.8 Maintenance and other Operating Expenses of SHTS

The costs of maintenance and operating expenses in relation to SHTS will be borne by the Sponsor, as the master lessee, as is the case with the properties in First REIT's Existing Portfolio. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operating expenses in relation to SHTS.

3.7.9 Insurance

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

(i) an insurance policy over all of the Sponsor's property including any and all goods and stock-in-trade in SHTS to their full insurable value against all risks commonly insured against in respect of such property;

(ii) an insurance policy against loss of rental income, terrorism and sabotage and all risks and damage to the building at SHTS and all parts thereof which the Sponsor is obliged to keep in repair under the SHTS Master Lease;

(iii) a comprehensive public liability insurance policy against claims for personal injury, death or property damage or loss, arising out of all operations of the Sponsor and its permitted occupiers in SHTS; and

(iv) an insurance policy covering all of the Sponsor's risks (including earthquake) with such insurance coverage as appropriate and typical for the size and type of business carried out by the Sponsor at SHTS.

3.7.10 Conditions Precedent

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

3.7.11 Audit Committee's opinion on the SHTS Base Rent for the first year of the SHTS Master Lease

The size, location and age of Mochtar Riady Comprehensive Cancer Centre are set out in the table below:

Property	Location	GFA (sq m)	Age of Property (years)
Mochtar Riady Comprehensive Cancer Centre	Central Jakarta	37,933.00	2.1

The Audit Committee is of the opinion that it is reasonable to benchmark the rental rates of SHTS to those of Mochtar Riady Comprehensive Cancer Centre for the following reasons:

(i) each of SHTS and Mochtar Riady Comprehensive Cancer Centre provides primary, secondary and tertiary healthcare services with advanced and high-quality medical care and facilities; and

(ii) each of SHTS and Mochtar Riady Comprehensive Cancer Centre serves the middle to upper middle-income patient brackets within the catchment areas of South Jakarta and Central Jakarta respectively.

In view of the above reasons and Mochtar Riady Comprehensive Cancer Centre's current rental of S$3.98 per sq ft per month, the Audit Committee is also of the opinion that SHTS' rental rate of S$3.85 per sq ft per month for the first year of the SHTS Master Lease under the SHTS Master Lease Agreement is reasonable.

3.7.12 Indonesian Currency Law

The implementing regulation pursuant to Article 47 of Law No. 7/2011 is to be issued within 1 (one) year from its effective date of 28 June 2011 but as of the Latest Practicable Date has yet to be issued, other than the enactment of Bank of Indonesia Regulation No. 14/7/PBI/2012 concerning the Management of Indonesian Rupiah Currency (*Pengelolaan Uang Rupiah*) by Bank of Indonesia. Since Law No. 7/2011 is new and untested, there is uncertainty as to how this law will be interpreted or applied in relation to the SHTS Master Lease Agreement.

(Paragraph 2.7.12 above provides further details relating to the Indonesian currency law.)

In any case, it is provided in the SHTS Master Lease Agreement that if as a result of any enactment of a new law, the SHTS Total Rent is required to be paid in Indonesian Rupiah, the SHTS master lessee shall:

(i) with effect from the date that such requirement comes into effect, pay the SHTS Total Rent in Indonesian Rupiah in such amount equivalent to the SHTS Total Rent in Singapore dollars at the prevailing conversion rate of the Bank of Indonesia; and

(ii) bear any hedging and other costs of the SHTS master lessor in order to ensure that the SHTS Total Rent is not less than the amount that the SHTS master lessor would have received had the SHTS Total Rent been paid by the SHTS master lessee in Singapore dollars.

3.8 Completion

Completion of the sale and purchase of SHTS under the SHTS SPA is expected to take place as soon as practicable after raising adequate proceeds for the Acquisitions and after the conditions precedent set out in the SHTS SPA have been fulfilled.

3.9 Costs of the SHTS Acquisition

The SHTS Acquisition Cost is currently estimated to be approximately S$95.0 million, comprising the following:

3.9.1 the SHTS Purchase Consideration of S$93.1 million;

3.9.2 the SHTS Acquisition Fee[1] of approximately S$931,000 payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which shall be payable in the form of the SHTS Acquisition Fee Units; and

3.9.3 the estimated professional and other fees and expenses of approximately S$1.0 million[2] incurred by First REIT in connection with the SHTS Acquisition.

3.10 Method of Financing the SHTS Acquisition

S$43.1 million of the SHTS Purchase Consideration will be paid in cash, and the remaining S$50.0 million, being the SHTS Equity Consideration, will be satisfied by way of the issuance of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor.

The cash portion of the SHTS Acquisition Cost is expected to be financed via drawdown from First REIT's committed debt facility. The proportion of debt financing for SHTS will be approximately 47.4%. The final decision regarding the method of financing and the proportion of debt and equity to be employed will be made at the appropriate time taking into account the relevant market conditions.

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1 Being 1.0% of the SHTS Purchase Consideration.

2 It is expected that most of the professional and other fees and expenses in connection with the SHTS Acquisition will be incurred by First REIT even if the Manager does not proceed with the SHTS Acquisition.

3.11 HGB Title

First REIT will, upon acquiring SHTS, indirectly hold SHTS through PT PDS under a HGB title[1].

(Paragraph 2.11 above provides further details relating to HGB titles.)

4. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

4.1 Partial payment for the SHTS Acquisition

As described in paragraph 3.10 above, the Manager will make partial payment for the SHTS Acquisition by issuing new Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor amounting up to an aggregate value of S$50.0 million. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SHTS Acquisition, in accordance with the provisions of the Trust Deed.

4.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by First REIT for the period from 1 April 2013 to the date preceding the date of issue of the Consideration Units. Holders of the Consideration Units will only be entitled to receive distributions by First REIT from the date of their issue to 30 June 2013 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

5. REQUIREMENT FOR UNITHOLDERS' APPROVAL

5.1 Interested Person Transaction and Interested Party Transaction

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 FY2012 Audited Consolidated Financial Statements, the NTA of First REIT was S$550.1 million as at 31 December 2012. 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$27.5 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 exceeds 5.0% of First REIT's latest audited NAV. Based on the FY2012 Audited Consolidated Financial Statements, the NAV of First REIT was S$550.1 million as at 31 December 2012.

1 The original HGB title in relation to SHTS (SHGB No. 1266, expiring on 28 September 2028), which was mortgaged to PT Bank Rakyat Indonesia (Persero) Tbk, had been segregated on 28 March 2013 and upon the existing mortgage to PT Bank Rakyat Indonesia (Persero) Tbk being released and the completion of the SHTS Acquisition, First REIT will acquire the New SHGB issued in respect of SHTS.

Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is equal to or greater than S$27.5 million, such a transaction would be subject to Unitholders' approval.

5.1.1 The SHBL Acquisition

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" 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 BMS, being an indirect wholly-owned subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager), is an Interested Person and Interested Party of First REIT.

Given the SHBL Purchase Consideration of S$97.3 million (which is 17.7% of the NTA and NAV respectively of First REIT as at 31 December 2012), the value of the SHBL Acquisition will in aggregate exceed (i) 5.0% of First REIT's latest audited NTA and (ii) 5.0% of First REIT's latest audited NAV. As such, the SHBL Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders' approval for the SHBL Acquisition.

The value of the SHBL Master Lease is approximately S$9.7 million for the first year of the SHBL Master Lease, which represents approximately 1.8% of First REIT's latest audited NTA. As the SHBL Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required, the approval of Unitholders is sought for the SHBL Master Lease.

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHBL ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHBL MASTER LEASE.

5.1.2 The SHTS Acquisition

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" of First REIT and a "Controlling Shareholder" of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

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

Given the SHTS Purchase Consideration of S$93.1 million (which is 16.9% of the NTA and NAV respectively of First REIT as at 31 December 2012), the value of the SHTS Acquisition will in aggregate exceed (i) 5.0% of First REIT's latest audited NTA and (ii) 5.0% of First REIT's latest audited NAV. As such, the SHTS Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders' approval for the SHTS Acquisition.

The value of the SHTS Master Lease is approximately S$9.3 million for the first year of the SHTS Master Lease, which represents approximately 1.7% of First REIT's latest audited NTA. As the SHTS Master Lease will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required, the approval of Unitholders is sought for the SHTS Master Lease.

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHTS ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHTS MASTER LEASE.

5.2 Existing Interested Person Transactions

First REIT has not entered into any Interested Person Transaction, including leases, with the Sponsor and/or any associate of the Sponsor in the current financial year. The management fees paid during the current financial year are set out in the Trust Deed, which has been approved as an "exempted agreement" pursuant to First REIT's initial public offering.

5.3 Fees Payable to the Manager

As the Acquisitions will constitute Interested Party Transactions under the Property Funds Appendix, the SHBL Acquisition Fee and the SHTS Acquisition Fee shall be payable to the Manager in the form of the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units respectively. The SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions. 782,784[1] SHBL Acquisition Fee Units and 748,994[2] SHTS Acquisition Fee Units are expected to be issued to the Manager for the Acquisitions.

After completion of the SHBL Acquisition and the SHTS Acquisition, the Manager will also be entitled under the Trust Deed to receive from First REIT, management fees attributable to the Properties comprising a base fee of 0.4% per annum of the value of the Properties and a performance fee of 5.0% per annum of the Net Property Income[3] of the Properties. The Manager will be entitled to the management fees attributable to the Properties in the future for so long as the Properties continue to form part of the investment portfolio of First REIT.

5.4 Approval by Unitholders for the Acquisitions

In approving the Acquisitions, Unitholders are deemed to have approved all documents which are required to be executed by the parties in order to give effect to the Acquisitions, including the SHBL Master Lease and the SHTS Master Lease. These agreements are

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1 Clause 14.2.1(i) of the Trust Deed allows the Manager to receive the SHBL Acquisition Fee at the issue price of S$1.243 per Unit. The issue price is the weighted average traded price for the 10 Market Days (as defined herein) before the Latest Practicable Date.

2 Clause 14.2.1(i) of the Trust Deed allows the Manager to receive the SHTS Acquisition Fee at the issue price of S$1.243 per Unit. The issue price is the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

3 "**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 property expenses (where applicable).

therefore not subject to Rules 905 and 906 of the Listing Manual (which require First REIT to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect First REIT. Future renewal or extension of the agreements will be subject to Rules 905 and 906 of the Listing Manual.

5.5 Approval by Unitholders for the Issuance of the Consideration Units

The issue of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor will constitute a placement to a Substantial Unitholder as Evodia is an indirect wholly-owned subsidiary of the Sponsor, and the Sponsor has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager. Under Rule 812 of the Listing Manual, any issue of Units must not be placed to a Substantial Unitholder unless Unitholders' approval is obtained.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the issue of the Consideration Units to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor.

5.6 Interests of Directors and Substantial Unitholders

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

Notes:

(1) Percentage interest is based on 666,152,932 Units in issue as at the Latest Practicable Date.

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

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

Interests of the Substantial Unitholders

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

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Bridgewater International Ltd	123,750,000	18.6	–	–	123,750,000	18.6
PT Menara Tirta Indah	43,000,000	6.5	–	–	43,000,000	6.5
PT Primakreasi Propertindo(2)	–	–	43,000,000	6.5	43,000,000	6.5
Lippo Karawaci Corporation Pte. Ltd.(3)	–	–	148,352,932	22.3	148,352,932	22.3
The Sponsor(4)	–	–	191,352,932	28.7	191,352,932	28.7

Notes:

(1) Percentage interest is based on 666,152,932 Units in issue as at the Latest Practicable Date.

(2) PT Primakreasi Propertindo is deemed to be interested in 43,000,000 Units held by its wholly-owned subsidiary, PT Menara Tirta Indah.

(3) Lippo Karawaci Corporation Pte. Ltd. is deemed to be interested in (i) 123,750,000 Units held by its wholly-owned subsidiary, Bridgewater International Ltd; and (ii) 24,602,932 Units held by Bowsprit Capital Corporation Limited.

(4) The Sponsor is deemed to be interested in (i) 123,750,000 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; (ii) 43,000,000 Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah; and (iii) 24,602,932 Units held by Bowsprit Capital Corporation Limited.

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

5.7 Directors' Service Contracts

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

5.8 Major Transactions – Chapter 10 of the Listing Manual

5.8.1 Chapter 10 of the Listing Manual governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by First REIT. Such transactions are classified into the following categories:

(i) non-discloseable transactions;

(ii) discloseable transactions;

(iii) major transactions; and

(iv) very substantial acquisitions or reverse takeovers.

5.8.2 A proposed acquisition by First REIT may fall into any of the categories set out in sub-paragraph 5.8.1 above depending on the size of the relative figures computed on the following bases of comparison:

(i) the net profits attributable to the assets acquired, compared with First REIT's net profits; and

(ii) the aggregate value of the consideration given, compared with First REIT's market capitalisation.

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 SHBL Acquisition and the SHTS Acquisition computed on the bases set out in paragraph 5.8.2 above exceed 20.0%, both the SHBL Acquisition and the SHTS Acquisition are not major transactions under Chapter 10 of the Listing Manual as they are within First REIT's ordinary course of business.

5.8.3 However, for purposes of illustration to Unitholders, the relative figures for the Acquisitions using the applicable bases of comparison described in sub-paragraphs 5.8.2(i) and 5.8.2(ii) are set out in the table below.

Comparison of:	The Properties	First REIT	Relative Figure
Net Property Income(1)	SHBL: S$9.6 million SHTS: S$9.2 million Total Net Property Income of the Properties: S$18.8 million(2)	S$57.2 million(3)	16.8% 16.1% **32.9**%
Purchase Consideration against First REIT's market capitalisation	SHBL: S$97.3 million SHTS: S$93.1 million Total Purchase Consideration of the Properties: S$190.4 million(4)	First REIT's market capitalisation: S$859.3 million(5),(6)	11.3% 10.8% **22.1**%

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.

(2) Based on an assumed net rental of approximately S$19.0 million under the master leases of the Properties, less property expenses.

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

(4) Does not include transaction costs.

(5) Based on the Closing Price (as defined herein).

(6) Based on Units in issue as at the Latest Practicable Date.

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

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

6.1 Acquisition of attractive and high quality properties in Bali and South Jakarta, Indonesia, at prices below valuation

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

Both SHBL and SHTS are well-positioned for the middle to upper middle-income segment of the healthcare market.

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

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

The SHBL Master Lease and the SHTS Master Lease will be beneficial to First REIT as the Properties are expected to provide stability to First REIT's Gross Rental Income[1] over the next 15 to 30 years (assuming that the option to renew for a further term of 15 years is exercised). The step-up feature of the base and variable rental components under the SHBL Master Lease Agreement and the SHTS Master Lease Agreement would also provide locked-in organic growth in First REIT's cash flow. To ensure stability in First REIT's Gross Rental Income from the Properties, security deposits equivalent to six months of (i) SHBL's annual rental payable (amounting to S$4,840,000) and (ii) SHTS' annual rental payable (amounting to S$4,630,000) will be made to First REIT in the form of bankers' guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

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

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

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1 "**Gross Rental Income**" means contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable).

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

First REIT's asset size will grow from S$796.7 million as at 31 December 2012 to over S$1.0 billion after the completion of the Acquisitions. The value of First REIT's Deposited Property[1] is expected to increase by 32.7% from S$828.8 million as at 31 December 2012 to S$1.1 billion after the completion of the Acquisitions and there will also be a 21.2% increase in the total GFA from 186,790 square metres ("**sq m**") before the Acquisitions to 226,353 sq m after the completion of the Acquisitions. The maximum number of hospital beds for the Indonesia properties will increase by 32.4% from 1,748 to 2,314 beds.

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

The SHBL Acquisition and the SHTS Acquisition are expected to benefit Unitholders by improving diversification of Gross Rental Income due to diversification in geographical location. 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.

(**APPENDIX A** provides further details in relation to the Properties as well as First REIT's Existing Portfolio.)

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

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

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

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

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

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

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1 "**Deposited Property**" refers to the gross assets of First REIT, including its properties and its Authorised Investments (as defined herein) for the time being held or deemed to be held upon the trusts under the Trust Deed.

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

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

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

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

The aggregate leverage ratio of First REIT is expected to increase from 26.0% as at 31 December 2012 to 38.8% if the SHTS Purchase Consideration is funded wholly by debt.[1]

Assuming S$50.0 million of the SHTS Purchase Consideration is satisfied by way of issuance of Consideration Units at an illustrative issue price of S$1.243 per Unit, with the balance of the SHTS Purchase Consideration to be paid to Evodia in cash, the aggregate leverage ratio of First REIT is expected to decrease to 34.3% compared to 38.8% if the SHTS Purchase Consideration is funded wholly by debt.

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

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

7. PRO FORMA FINANCIAL INFORMATION

7.1 Pro Forma Financial Effects of the Acquisitions

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

(a) the Properties will be acquired for an aggregate purchase consideration of S$194.2 million, including acquisition fees, professional and other fees and expenses;

(b) First REIT will upon completion of the Acquisitions, revalue the Properties to the fair value of S$221.4 million, based on the valuation of the Properties by the Independent Valuers appointed by the Manager;

(c) S$50.0 million of the purchase consideration will be paid to Evodia or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor via the issuance of Consideration Units at an assumed 10-Day Volume Weighted Average Price of S$1.243;

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

(d) the balance purchase consideration will be paid to the vendors of the Properties via the debt facility with the upfront costs of S$1.9 million to be amortised over the tenure of the debt facility; and

(e) an issue price of S$1.243 in relation to the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units.

7.2 Financial Year ended 31 December 2012

Pro Forma DPU

The pro forma financial effects of the Acquisitions on the DPU for FY2012, as if First REIT had purchased the Properties on 1 January 2012, and held and operated the Properties through to 31 December 2012, are as follows:

	FY2012	
	Before the Acquisitions(1)	After the Acquisitions
Distributable Income (S$'000)(2)	41,690	49,291
Units in issue and to be issued	664,948,936	707,909,972
DPU (cents)(2)	6.58	6.96

Notes:

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

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

Pro Forma NAV per Unit

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

	As at 31 December 2012	
	Before the Acquisitions(1)	After the Acquisitions
NAV (S$'000)	550,074	635,723
Units in issue and to be issued	664,948,936	707,909,972
NAV per Unit (S$)	0.83	0.90

Note:

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

Pro Forma capitalisation

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

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

8. THE PROPOSED WHITEWASH RESOLUTION

8.1 Rule 14 of the Code

In connection with the proposed issuance of the Consideration Units to Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) as part consideration for the SHTS Purchase Consideration, the Manager is seeking approval from Independent Unitholders for a waiver of their rights to receive a Mandatory Offer from the Sponsor and parties acting in concert with it for all the remaining issued Units not owned or controlled by the Sponsor and parties acting in concert with it, in the event that the Sponsor and parties acting in concert with it incur a mandatory bid obligation pursuant to Rule 14 of the Code as a result of:

(i) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or

(ii) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units.

The Sponsor and parties acting in concert with it may possibly, upon:

(a) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or

(b) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units,

end up acquiring additional Units which exceeds the threshold pursuant to Rule 14.1(a) of the Code.

Rule 14.1(a) of the Code states that the Sponsor and parties acting in concert with it would be required to make a Mandatory Offer if the Sponsor and parties acting in concert with it acquire additional Units which increases their aggregate unitholding in First REIT to 30.0% or more.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Code, the Sponsor and parties acting in concert with it would then be required to make a Mandatory Offer. The SIC has granted this waiver on 8 April 2013 subject to, *inter alia*, Resolution 4 (the Whitewash Resolution) being approved by Independent Unitholders at an Extraordinary General Meeting.

To the best of the knowledge of the Manager and the Sponsor, the Sponsor and parties acting in concert with it hold, in aggregate, 191,352,932 Units representing 28.7% of the voting rights of First REIT as at the Latest Practicable Date.

The maximum possible increase in the unitholdings of the Sponsor and parties acting in concert with it would occur in the scenario where (i) Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) receives Consideration Units for the SHTS Equity Consideration and (ii) the Manager elects to receive its full entitlement to the SHBL Acquisition Fee and the SHTS Acquisition Fee in Units. Based on an illustrative issue price of S$1.243 per Consideration Unit, the aggregated unitholding of the Sponsor and parties acting in concert with it immediately after the issue of the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units will be 32.9%.

The following table sets out the respective unitholdings of the Sponsor and parties acting in concert with it if (i) Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) receives 40,225,262 Consideration Units representing 6.0% of the total number of Units in issue as at the Latest Practicable Date (based on an illustrative issue price of S$1.243 per Consideration Unit) and (ii) the Manager receives the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units.

	Before the Acquisitions	**Immediately after the Acquisitions and the issuance of the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units**
Issued Units	666,152,932	707,909,972
Number of Units held by the Sponsor and parties acting in concert with it	191,352,932	233,109,972
Number of Units held by Unitholders, other than the Sponsor and parties acting in concert with it	474,800,000	474,800,000

	Before the Acquisitions	Immediately after the Acquisitions and the issuance of the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units
% of issued Units held by the Sponsor and parties acting in concert with it	28.7	32.9
% of Issued Units held by Unitholders, other than the Sponsor and parties acting in concert with it	71.3	67.1

8.2 Application for Waiver from Rule 14 of the Code

An application was made to the SIC on 14 March 2013 for the waiver of the obligation of the Sponsor and parties acting in concert with it to make a Mandatory Offer under Rule 14 of the Code should the obligation to do so arise as a result of the issuance of the Consideration Units, the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units. The SIC granted the SIC Waiver on 8 April 2013, subject to, *inter alia*, the satisfaction of the following conditions:

(i) a majority of Unitholders present and voting at a general meeting, held before the issuance of the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units, approve by way of a poll, the Whitewash Resolution to waive their rights to receive a general offer from the Sponsor and parties acting in concert with it;

(ii) the Whitewash Resolution is separate from other resolutions;

(iii) the Sponsor, parties acting in concert with it and parties not independent of them abstain from voting on the Whitewash Resolution;

(iv) the Sponsor and parties acting in concert with it 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):

(a) during the period between the announcement of the Acquisitions and the date Unitholders' approval is obtained for the Whitewash Resolution; and

(b) in the six months prior to the announcement of the Acquisitions, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Acquisitions;

(v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;

(vi) First REIT sets out clearly in this Circular:

(a) details of the Acquisitions;

(b) the dilution effect to existing Unitholders of voting rights in First REIT of the issue of issuing the Consideration Units, the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units;

(c) the number and percentage of Units as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by the Sponsor and parties acting in concert with it as at the Latest Practicable Date;

(d) the number and percentage of Units to be issued to the Sponsor and parties acting in concert with it as a result of the Acquisitions; and

(e) that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Sponsor and parties acting in concert with it at the highest price paid or agreed to be paid by the Sponsor and parties acting in concert with it for Units in the six months preceding the commencement of the offer;

(vii) this Circular states that the waiver granted by SIC to the Sponsor and parties acting in concert with it from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions set out in sub-paragraphs 8.2(i) to 8.2(vi) above;

(viii) the Sponsor obtains SIC's approval in advance for the paragraphs of this Circular that refer to the Whitewash Resolution; and

(ix) to rely on the Whitewash Resolution, the acquisitions of the Consideration Units, the SHBL Acquisition Fee Units and SHTS Acquisition Fee Units by the relevant parties must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from the Sponsor and parties acting in concert with it at the highest price paid or agreed to be paid by the Sponsor and parties acting in concert with it for Units in the six months preceding:

(i) the receipt by Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) of the Consideration Units as partial consideration for the SHTS Acquisition; and/or

(ii) the receipt by the Manager in its own capacity of the SHBL Acquisition Fee Units and/or the SHTS Acquisition Fee Units.

8.3 Rationale for the Whitewash Resolution

The Whitewash Resolution is to enable Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) to receive the Consideration Units as partial consideration for the SHTS Acquisition and the Manager to receive (in its own capacity) the SHBL Acquisition Fee Units and the SHTS Acquisition Fee Units. The rationale for enabling Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) to receive the Consideration Units is set out in sub-paragraphs 6.6 and 6.7 of the Letter to Unitholders.

9. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

9.1 The SHBL Acquisition

The Manager has appointed Stirling Coleman Capital Limited as the Independent Financial Adviser (the "**IFA**") to advise the independent Directors of the Manager (being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang) (collectively, the "**Independent Directors**") and the Trustee as to whether the SHBL Acquisition and the SHBL Master Lease are (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and its Independent Unitholders.

Having considered the factors and made the assumptions set out in the letter from the IFA to the Independent Directors and the Trustee (the "**IFA Letter**"), and subject to the qualifications set out therein, the IFA is of the opinion that the SHBL Acquisition (including the SHBL Master Lease) is based on normal commercial terms and not prejudicial to the interests of First REIT and its Independent Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the SHBL Acquisition (including the SHBL Master Lease).

A copy of the IFA Letter, containing its advice in full, is set out in **APPENDIX D** of this Circular.

9.2 The SHTS Acquisition

The Manager has appointed the IFA to advise the Independent Directors and the Trustee as to whether the SHTS Acquisition and the SHTS Master Lease are (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and its Independent Unitholders.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the SHTS Acquisition (including the SHTS Master Lease) is based on normal commercial terms and not prejudicial to the interests of First REIT and its Independent Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the SHTS Acquisition (including the SHTS Master Lease).

9.3 The Proposed Issuance of the Consideration Units

The Manager has appointed the IFA to advise the Independent Directors and the Trustee as to whether the proposed issuance of the Consideration Units is (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and its Independent Unitholders.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed issuance of the Consideration Units is based on normal commercial terms and not prejudicial to the interests of First REIT and its Independent Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the proposed issuance of the Consideration Units.

9.4 The Whitewash Resolution

The Manager has appointed the IFA to advise the Independent Directors and the Trustee in relation to the Whitewash Resolution.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the view that the Whitewash Resolution is not prejudicial to the interests of First REIT's Independent Unitholders.

A copy of the IFA Letter, containing its advice in full, is set out in **APPENDIX D** of this Circular and Unitholders are advised to read the IFA Letter carefully.

10. RECOMMENDATIONS

10.1 On the SHBL Acquisition

The Independent Directors and the Audit Committee have considered the relevant factors, including:

(i) the opinion of the IFA that the SHBL Acquisition (including the SHBL Master Lease) is based on normal commercial terms and not prejudicial to the interests of First REIT and its Independent Unitholders and that it is accordingly of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the SHBL Acquisition (the IFA's opinion on the SHBL Acquisition and the SHBL Master Lease are set out in the IFA Letter in **APPENDIX D** of this Circular); and

(ii) the rationale for the SHBL Acquisition as set out in paragraph 6 above,

and believe that the SHBL Acquisition and the SHBL Master Lease (including the terms of the SHBL Master Lease as a whole, such as the base rent and variable rent) are based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 1 (in relation to the SHBL Acquisition).

10.2 On the SHTS Acquisition

The Independent Directors and the Audit Committee have considered the relevant factors, including:

(i) the opinion of the IFA that the SHTS Acquisition (including the SHTS Master Lease) is based on normal commercial terms and not prejudicial to the interests of First REIT and its Independent Unitholders and that it is accordingly of the view that the Independent Directors should recommend that Independent Unitholders vote in favour of the SHTS Acquisition (the IFA's opinion on the SHTS Acquisition and the SHTS Master Lease are set out in the IFA Letter in **APPENDIX D** of this Circular); and

(ii) the rationale for the SHTS Acquisition as set out in paragraph 6 above,

and believe that the SHTS Acquisition and the SHTS Master Lease (including the terms of the SHTS Master Lease as a whole, such as the base rent and variable rent) are based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 2 (in relation to the SHTS Acquisition).

10.3 On the Proposed Issuance of the Consideration Units

The Independent Directors and the Audit Committee have considered the relevant factors, including the opinion of the IFA (as set out in the IFA Letter in **APPENDIX D** of this Circular) and the rationale for the proposed issuance of the Consideration Units as set out in paragraph 6 above, and believe that the issue of the Consideration Units to Evodia (or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor) would be on normal commercial terms and would not be prejudicial to the interests of First REIT or its Independent Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 3 (in relation to the proposed issuance of the Consideration Units).

10.4 On the Whitewash Resolution

The Independent Directors and the Audit Committee have considered the relevant factors, including the opinion of the IFA (as set out in the IFA Letter in **APPENDIX D** of this Circular) and the rationale for the Whitewash Resolution as set out in paragraph 8.3 above, and believe that the Whitewash Resolution would not be prejudicial to the interests of First REIT's Independent Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of Resolution 4 (in relation to the Whitewash Resolution).

11. EXTRAORDINARY GENERAL MEETING

The EGM will be held at Capricorn Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 29 April 2013 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 10:00 a.m. on the same day and at the same place), 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 G-1 to G-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of an Ordinary Resolution is required in respect of the SHBL Acquisition and the SHTS Acquisition.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the time fixed for the EGM.

Unitholders should note that:

(i) Resolution 1 (the SHBL Acquisition), Resolution 2 (the SHTS Acquisition) and Resolution 3 (the proposed issuance of the Consideration Units) are subject to and contingent upon each other. In the event that First REIT fails to obtain Unitholders' approval for any of Resolution 1 (the SHBL Acquisition), Resolution 2 (the SHTS Acquisition) and Resolution 3 (the proposed issuance of the Consideration Units), First REIT will not proceed with any of Resolution 1 (the SHBL Acquisition), Resolution 2 (the SHTS Acquisition) and Resolution 3 (the proposed issuance of the Consideration Units); and

(ii) Resolution 1 (the SHBL Acquisition), Resolution 2 (the SHTS Acquisition) and Resolution 3 (the proposed issuance of the Consideration Units) are subject to and contingent upon Resolution 4 (the Whitewash Resolution) being passed. In the event that First REIT fails to obtain Unitholders' approval for Resolution 4 (the Whitewash Resolution), First REIT will not proceed with any of Resolution 1 (the SHBL Acquisition), Resolution 2 (the SHTS Acquisition) and Resolution 3 (the proposed issuance of the Consideration Units).

12. ABSTENTIONS FROM VOTING

12.1 Relationship between the Sponsor, the Manager and First REIT

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 28.7% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" of First REIT as well as a "Controlling Shareholder" of the Manager respectively.

12.2 Abstention from Voting

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested. The relevant associates of the Sponsor are Bridgewater International Ltd and PT Menara Tirta Indah.

(i) Resolution 1: The SHBL Acquisition

Given that SHBL will be acquired from PT BMS, which is an indirect wholly-owned subsidiary of the Sponsor and that the SHBL Master Lease Agreement will be entered into with the Sponsor, which is a Controlling Shareholder of the Manager, the Sponsor and the Manager (i) will abstain and will procure that their associates will abstain, from voting at the EGM on Resolution 1 (the SHBL Acquisition); and (ii) will procure that their associates will not, accept appointments as proxies in relation to the resolution on the SHBL Acquisition unless specific instructions as to voting are given.

(ii) Resolution 2: The SHTS Acquisition

Given that SHTS will be acquired from Evodia, which is an indirect wholly-owned subsidiary of the Sponsor and that the SHTS Master Lease Agreement will be entered into with the Sponsor, which is a Controlling Shareholder of the Manager, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on Resolution 2 (the SHTS Acquisition); and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution on the SHTS Acquisition unless specific instructions as to voting are given.

(iii) Resolution 3: The Proposed Issuance of the Consideration Units

Given that the Consideration Units will be issued to Evodia (which is an indirect wholly-owned subsidiary of the Sponsor) or a nominee of Evodia which is a wholly-owned subsidiary of the Sponsor, which is in turn a Controlling Shareholder of the Manager, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on Resolution 3 (the proposed issuance of the Consideration Units); and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the resolution on the proposed issuance of the Consideration Units unless specific instructions as to voting are given.

(iv) Resolution 4: The Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to Resolution 4 (the Whitewash Resolution), the Sponsor, parties acting in concert with it and parties not independent of the Sponsor are required to abstain from voting on Resolution 4 (the Whitewash Resolution).

13. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Unit Registrar and Unit Transfer Office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not later than **Saturday, 27 April 2013 at 10:30 a.m.**, being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

Persons who have an interest in the approval of any of the resolutions must decline to accept appointments as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolution.

14. 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 Acquisitions, the Consideration Units, the 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 the Circular in its proper form and context.

15. FINANCIAL ADVISER'S RESPONSIBILITY STATEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Acquisitions, the Consideration Units, First REIT and its subsidiaries, and the Financial Adviser is not aware of any facts the omission of which would make any statement in the document misleading.

16. CONSENTS

Each of the IFA, the Independent Valuers, the Independent Healthcare Research Consultant and the Independent Indonesia Tax Adviser has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and respectively the IFA Letter, the Valuation Summary Reports, the Full Valuation Reports, the Indonesian Healthcare Market Review Report and the Independent Indonesian Taxation Report, and all references thereto, in the form and context in which they are included in this Circular.

17. DOCUMENTS ON DISPLAY

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 Circular up to and including the date falling three months after the date of this Circular[1]:

(i) the SHBL SPA;

(ii) the SHTS SPA;

(iii) the SHBL Master Lease Agreement;

(iv) the SHTS Master Lease Agreement;

(v) the full valuation report on SHBL issued by W&R;

(vi) the full valuation report on SHBL issued by Rengganis;

(vii) the full valuation report on SHTS issued by W&R;

(viii) the full valuation report on SHTS issued by Rengganis;

(ix) the Indonesia Healthcare Market Review Report by the Independent Healthcare Research Consultant;

(x) the FY2012 Audited Consolidated Financial Statements;

(xi) the Independent Indonesian Taxation Report by the Independent Indonesia Tax Adviser; and

(xii) the IFA Letter from the IFA.

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.

Yours faithfully

BOWSPRIT CAPITAL CORPORATION LIMITED
(as manager of First Real Estate Investment Trust)
(Company registration number: 200607070D)

Dr Ronnie Tan Keh Poo
Chief Executive Officer and Director

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

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 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 forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

GLOSSARY

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

%	:	Per centum or percentage
10-Day Volume Weighted Average Price	:	The volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the relevant Business Day
A&E	:	Accident and emergency
Acquisitions	:	The proposed SHBL Acquisition and the proposed SHTS Acquisition collectively, and each, an "**Acquisition**"
Audit Committee	:	The audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Authorised Investments	:	Refers to, in general:

(i) real estate, whether freehold or leasehold, in or outside Indonesia, held singly or jointly, and/or by way of direct ownership or by a shareholding in a special purpose vehicle;

(ii) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon;

(iii) real estate related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded;

(iv) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations;

(v) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board;

(vi) cash and cash equivalent items;

(vii) financial derivatives only for the purposes of (a) hedging existing positions in First REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, provided that such derivatives are not used to gear the overall portfolio of First REIT or intended to be borrowings of the First REIT; and

		(viii) any other investment not covered by paragraphs (i) to (vii) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by First REIT and approved by the Trustee in writing
Business Day	:	means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST (and, if the Units are listed on any other recognised stock exchange, that recognised stock exchange) is open for trading;
CCR	:	Indonesia Core Central Region
CDP	:	The Central Depository (Pte) Limited
Centre of Excellence	:	A term used to describe a particular area of medical specialisation, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of the-art medical equipment and facilities, at a hospital.
Circular	:	This circular to Unitholders dated 12 April 2013
Closing Price	:	The closing price of S$1.290 per Unit on the SGX-ST on the Latest Practicable Date
Code	:	Singapore Code of Take-overs and Mergers
Consideration Units	:	New Units to be issued as part satisfaction of the purchase consideration for the SHTS Acquisition
Controlling Shareholder	:	Means a person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over a company
Controlling Unitholder	:	Means a person who: (a) holds directly or indirectly 15.0% 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
Decree	:	MOF Indonesia decree (No. 125/PMK.01/2008) on public appraisal services

Deposited Property	:	The gross assets of First REIT, including its properties and its Authorised Investments for the time being held or deemed to be held upon the trusts under the Trust Deed
Directors	:	Directors of the Manager
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held at Capricorn Room, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 29 April 2013 at 10:30 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 10:00 a.m. on the same day and at the same place), to approve the matters set out in the Notice of Extraordinary General Meeting on pages G-1 to G-3 of this Circular
Enlarged Portfolio	:	Comprises the SHBL, SHTS and the Existing Portfolio
Evodia	:	Evodia Strategic Investment Limited, a company incorporated in Labuan, Malaysia
Existing Portfolio	:	The portfolio of properties currently held by First REIT, consisting of: its properties in Indonesia; Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club; its properties in Singapore, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence; and its property in the Republic of South Korea, Sarang Hospital
FCR	:	Indonesia Fringe Central Region
Financial Adviser	:	Oversea-Chinese Banking Corporation Limited
First REIT	:	First Real Estate Investment Trust, a unit trust constituted in the Republic of Singapore pursuant to the Trust Deed dated 19 October 2006
Fiscal Year	:	The period commencing 1 January and ending on 31 December of the same year
Fortuna	:	Fortuna Capital Pte. Ltd., a company incorporated in Singapore on 6 August 2007
FY2012 Audited Consolidated Financial Statements	:	The audited financial statements of First REIT and its subsidiaries for FY2012

FY2012	:	First REIT's financial year ended 31 December 2012
FY2014	:	First REIT's financial year ending 31 December 2014
FY2015	:	First REIT's financial year ending 31 December 2015
FY2016	:	First REIT's financial year ending 31 December 2016
GFA	:	Gross floor area
Globalink	:	Globalink Investments Pte. Ltd., a company incorporated in Singapore on 31 July 2007
Great Capital	:	Great Capital Pte. Ltd., a company incorporated in Singapore on 31 July 2007
Gross Rental Income	:	Contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable)
Gross Revenue	:	Consists of Gross Rental Income and (where applicable) other income earned from First REIT's properties
HGB	:	*Hak Guna Bangunan* (Right to Build)
IFA	:	The Independent Financial Adviser to the Independent Directors and to the Trustee, being Stirling Coleman Capital Limited
IFA Letter	:	The letter from the IFA to the Independent Directors containing its advice as set out in Appendix D of this Circular
Independent Directors	:	The independent directors of the Manager, being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Independent Healthcare Research Consultant	:	Frost & Sullivan (S) Pte Ltd
Independent Indonesia Tax Adviser	:	PB Taxand
Independent Unitholders	:	Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor
Independent Valuers	:	Refers to, collectively, W&R and Rengganis, which were commissioned by the Manager and the Trustee respectively to value SHBL and SHTS
Indonesia CPI	:	Consumer Price Index of Indonesia

Interested Party	:	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	:	(a) In the case of a company, "interested person" means: (i) a director, chief executive officer, or controlling shareholder of the issuer; or (ii) an associate of any such director, chief executive officer, or controlling shareholder; and (b) in the case of a REIT, shall have the meaning defined in the Code on Collective Investment Schemes issued by the MAS
Interested Person Transaction	:	Means a transaction between an entity at risk and an Interested Person
Key Capital	:	Key Capital Pte. Ltd., a company incorporated in Singapore on 6 August 2007
KJPP	:	*Kantor Jasa Penilai Publik* (Accredited Public Appraiser Firms)
Latest Practicable Date	:	10 April 2013, being the latest practicable date prior to the printing of this Circular
Law No. 7/2011	:	Law No. 7 of 2011 on Currency *(Undang-Undang Mata Uang*)
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Bowsprit Capital Corporation Limited, in its capacity as manager of First REIT
Mandatory Offer	:	Mandatory offer for the remaining Units not owned or controlled by the Sponsor and parties acting in concert with it
MAPPI	:	The Indonesian Society of Appraisers *(Masyarakat Profesi Penilai Indonesia)*

Market Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
MAS	:	Monetary Authority of Singapore
MOF Indonesia	:	Ministry of Finance of the Republic of Indonesia
MOF Interpretation	:	Document issued on 6 December 2011 to the public on the interpretation of Law No. 7/2011, the Currency Law, by MOF Indonesia, through the Directorate General of Treasury of the Republic of Indonesia
National Land Office	:	The National Land Office of Republic of Indonesia *(Badan Pertanahan Nasional)*
NAV	:	Net asset value
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 property expenses (where applicable)
New SHGB	:	The new SHGB No. 2577 (expiring on 28 September 2028) issued on 28 March 2013 in respect of SHTS by the relevant National Land Agency covering an area of 2,489 sq m, which originated from the original HGB title in relation to SHTS (SHGB No. 1266, expiring on 28 September 2028)
NTA	:	Net tangible assets
OCR	:	Indonesia Outside Central Region
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
Properties	:	SHBL and SHTS
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Proxy Form	:	Instrument appointing a proxy or proxies
PT BMS	:	PT Buana Mandiri Selaras, a limited liability company incorporated in Indonesia on 7 September 2007 and an indirect wholly-owned subsidiary of the Sponsor
PT DGJ	:	PT Dasa Graha Jaya, a limited liability company incorporated in Indonesia on 21 February 2013, and was ratified by the Ministry of Law and Human Rights of the Republic of Indonesia on 25 February 2013

PT PDS	:	PT Perisai Dunia Sejahtera, a limited liability company incorporated in Indonesia on 21 July 2011 and was ratified by the Ministry of Law and Human Rights of the Republic of Indonesia on 28 July 2011
Rp	:	Indonesian Rupiah
Rengganis	:	KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd
S$ and cents	:	Singapore dollars and cents
Securities Account	:	Unitholders' securities accounts with CDP
Securities Act	:	U.S. Securities Act 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
SHBL	:	The property, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia
SHBL Acquisition	:	The proposed acquisition of SHBL from an Interested Person by indirectly acquiring 100.0% issued shares in Globalink
SHBL Acquisition Cost	:	The total cost of the SHBL Acquisition, inclusive of the SHBL Purchase Consideration, the SHBL Acquisition Fee, as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the SHBL Acquisition, which is approximately S$99.2 million
SHBL Acquisition Fee	:	The acquisition fee which the Manager will be entitled under Clause 14.2.1 of the Trust Deed to receive from First REIT upon completion of the SHBL Acquisition
SHBL Acquisition Fee Units	:	The Units which will be issued to the Manager as a form of payment for the SHBL Acquisition Fee
SHBL Base Rent	:	The annual base rent payable under the SHBL Master Lease
SHBL Gross Operating Revenue	:	Means, with respect to a Fiscal Year, the aggregate of (i) the gross operating revenue of the SHBL master lessee derived specifically from the SHBL master lessee's healthcare and/or healthcare-related business carried on at SHBL and (ii) the Shops GOR
SHBL Master Lease	:	The master lease granted to the Sponsor in relation to SHBL
SHBL Master Lease Agreement	:	The conditional master lease agreement dated 26 March 2013 entered into between PT DGJ (as the SHBL master lessor) and the Sponsor (as the SHBL master lessee) pursuant to which the SHBL Master Lease was granted to the Sponsor

SHBL Purchase Consideration	:	S$97.3 million, being the purchase consideration for SHBL in relation to the SHBL Acquisition
SHBL SPA	:	The conditional sale and purchase agreement that was entered into by PT DGJ with PT BMS pursuant to which PT DGJ proposes to acquire SHBL at the SHBL Purchase Consideration
SHBL Total Rent	:	The sum of the SHBL Base Rent and variable rent in relation to SHBL
Shops GOR	:	Means, with respect to a Fiscal Year, the aggregate of the gross rental revenue and the service charge of the SHBL master lessee derived specifically from any subleases of any part of SHBL to third party subtenants, less the operating expenses incurred by the SHBL master lessee in respect of such subleases
SHTS	:	The property, located at Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selatan, Indonesia
SHTS Acquisition	:	The proposed acquisition of SHTS from an Interested Person by indirectly acquiring 100.0% issued shares in Great Capital
SHTS Acquisition Cost	:	The total cost of the SHTS Acquisition, inclusive of the SHTS Purchase Consideration, the SHTS Acquisition Fee, as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the SHTS Acquisition, which is approximately S$95.0 million
SHTS Acquisition Fee	:	The acquisition fee which the Manager will be entitled under Clause 14.2.1 of the Trust Deed to receive from First REIT upon completion of the SHTS Acquisition
SHTS Acquisition Fee Units	:	The Units which will be issued to the Manager as a form of payment for the SHTS Acquisition Fee
SHTS Base Rent	:	The annual base rent payable under the SHTS Master Lease
SHTS Equity Consideration	:	The portion of the SHTS Purchase Consideration to be satisfied by way of issuance of Consideration Units
SHTS Gross Operating Revenue	:	Means, with respect to a Fiscal Year, the gross operating revenue of the SHTS master lessee derived specifically from the SHTS master lessee's healthcare and/or healthcare-related business carried on at SHTS
SHTS Master Lease	:	The master lease granted to the Sponsor in relation to SHTS

SHTS Master Lease Agreement	:	The conditional master lease agreement dated 26 March 2013 entered into between PT PDS (as the SHTS master lessor) and the Sponsor (as the SHTS master lessee) pursuant to which the SHTS Master Lease was granted to the Sponsor
SHTS Purchase Consideration	:	S$93.1 million, being the purchase consideration for SHTS in relation to the SHTS Acquisition
SHTS SPA	:	The conditional sale and purchase agreement that was entered into by the Trustee with Evodia pursuant to which the Trustee proposes to acquire Great Capital at the SHTS Purchase Consideration
SHTS Total Rent	:	The sum of the SHTS Base Rent and variable rent in relation to SHTS
SIC	:	Securities Industry Council
SIC Waiver	:	Waiver of the Code granted by SIC on 8 April 2013
Singapore CPI	:	Consumer Price Index of Singapore
Sponsor	:	PT Lippo Karawaci Tbk
sq ft	:	Square foot
sq m	:	Square metre
Substantial Unitholders	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue, and "**Substantial Unitholder**" means any one of them
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	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT
Unit	:	A unit representing an undivided interest in First REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "**Unitholder**" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
United States or **U.S.**	:	United States of America
WAAP	:	Weighted average age of properties
WALE	:	Weighted average lease to expiry

Whitewash Resolution	:	The proposed whitewash resolution for the waiver of the rights of Independent Unitholders to receive a Mandatory Offer from the Sponsor and parties acting in concert with it for all the remaining Units not owned or controlled by the Sponsor and parties acting in concert with it
W&R	:	KJPP Willson & Rekan in association with Knight Frank

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act, Chapter 50 of Singapore.

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

Any reference in this Circular to any enactment is a reference to that enactment 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.

The exchange rates used in this Circular are for reference only. No representation is made that any Indonesian Rupiah amounts could have been or could be converted into Singapore dollar amounts at any of the exchange rates used in this Circular, at any other rate or at all.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

DETAILS OF SHBL, SHTS, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. SHBL

1.1 Description of SHBL

SHBL, a four-storey hospital with a basement level, commenced operations on 17 December 2012. SHBL has an operational capacity of 295 beds, with integrated shops for related use. SHBL is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the close vicinity of SHBL include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. SHBL is a Centre of Excellence for trauma, medical tourism, intensive care unit, orthopaedic and cardiology.

The table below sets out a summary of selected information on SHBL as at 31 December 2012 (unless otherwise indicated).

Address/Location	Jalan Sunset Road No.818, Kuta, Badung, Bali 80361, Indonesia
Master title details	(1) HGB no. 911/Kuta; covering area of 1,805 sq m; (2) HGB no. 912/Kuta; covering area of 950 sq m; (3) HGB no. 913/Kuta; covering area of 1,280 sq m; (4) HGB no. 914/Kuta; covering area of 990 sq m; (5) HGB no. 915/Kuta; covering area of 1,200 sq m; (6) HGB no. 916/Kuta; covering area of 1,200 sq m; and (7) HGB no. 917/Kuta; covering area of 1,600 sq m. (Total land area of 9,025 sq m)
Description/Existing Use	Four-storey hospital with one basement level accommodating 295 beds and integrated with shops for related use, which commenced operations on 17 December 2012, with 235 carpark spaces
Hospital beds (Capacity)	295
Parking Bays	235
Lease Term	15 years, with an option to renew for a further term of 15 years.
Age of building	Completed in September 2012
Commencement base rent	S$9,680,000
GFA	20,958 sq m
Valuation by W&R as at 26 February 2013	S$113.0 million
Valuation by Rengganis as at 21 February 2013	S$111.4 million

2. SHTS

2.1 Description of SHTS

SHTS, a 16-storey hospital with two basement levels, will commence operations on or about 15 April 2013. SHTS will have an operational capacity of 271 beds. SHTS, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near to the middle to upper class residential area of Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the close vicinity of SHTS include Metropolitan Tower Office Building, upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities) and Point Square Superblock (a mixed-use development comprising apartment and retail facilities). SHTS is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

The table below sets out a summary of selected information on SHTS as at 31 December 2012 (unless otherwise indicated).

Address/Location	Jalan Letjend. TB Simatupang/Jalan R.A. Kartini No. 8, RT 010/RW 04, Cilandak, Jakarta Selatan, Indonesia
Master title details	SHGB No. 2577 (expiring on 28 September 2028) issued on 28 March 2013 in respect of SHTS by the relevant National Land Agency covering an area of 2,489 sq m, which originated from the original HGB title in relation to SHTS which is currently being mortgaged to PT Bank Rakyat Indonesia (Persero) Tbk (SHGB No. 1266, expiring on 28 September 2028)
Description/Existing Use	16-storey hospital with two basement levels, accommodating 271 beds will commence operations on or about 15 April 2013, with 143 carpark spaces
Hospital beds (Capacity)	271
Parking Bays	143
Lease Term	15 years, with an option to renew for a further term of 15 years.
Age of building	Completed in December 2012
Commencement base rent	S$9,260,000
GFA	18,605 sq m
Valuation by W&R as at 26 February 2013	S$108.4 million
Valuation by Rengganis as at 21 February 2013	S$104.3 million

3. THE EXISTING PORTFOLIO

The Existing Portfolio of First REIT as at 31 December 2012 comprises: Siloam Hospitals Manado & Hotel Aryaduta Manado; Siloam Hospitals Makassar; Mochtar Riady Comprehensive Cancer Centre; Siloam Hospitals Lippo Cikarang; Siloam Hospitals Lippo Village; Siloam Hospitals Kebon Jeruk; Siloam Hospitals Surabaya; Imperial Aryaduta Hotel

& Country Club, located in Indonesia; Pacific Healthcare Nursing Home @ Bukit Merah; Pacific Healthcare Nursing Home II @ Bukit Panjang; The Lentor Residence, which are located in Singapore; and Sarang Hospital, which is located in the Republic of South Korea.

3.1 Summary

The table below sets out selected information about the Existing Portfolio (as at 31 December 2012).

Description of Property	**GFA (sq m)**	**Lease Terms**	**Maximum no. of Beds/ Saleable Rooms (as at 31 December 2012)**	**Appraised Value[(1)]**	**Gross Revenue[(2)] (from 1 January 2012 to 31 December 2012) (S$'000)**
Indonesia					
Siloam Hospitals Manado & Hotel Aryaduta Manado	36,051	15 years with option to renew for 15 years with effect from 30 November 2012	Siloam Hospitals Manado: 224 Hotel Aryaduta Manado: 200	S$96.5 million	736
Siloam Hospitals Makassar	14,307	15 years with option to renew for 15 years with effect from 30 November 2012	416	S$66.8 million	504
Mochtar Riady Comprehensive Cancer Centre	37,933	15 years with option to renew for 15 years with effect from 30 December 2010	375	S$223.3 million	19,010
Siloam Hospitals Lippo Cikarang	11,125	15 years with option to renew for 15 years with effect from 31 December 2010	126	S$42.9 million	3,929

Description of Property	GFA (sq m)	Lease Terms	Maximum no. of Beds/ Saleable Rooms (as at 31 December 2012)	Appraised Value(1)	Gross Revenue(2) (from 1 January 2012 to 31 December 2012) (S$'000)
Siloam Hospitals Lippo Village	27,284	15 years with option to renew for 15 years with effect from 11 December 2006	250	S$158.1 million	13,759
Siloam Hospitals Kebon Jeruk	18,316	15 years with option to renew for 15 years with effect from 11 December 2006	197	S$88.4 million	7,798
Siloam Hospitals Surabaya	9,227	15 years with option to renew for 15 years with effect from 11 December 2006	160	S$31.7 million	3,084
Imperial Aryaduta Hotel & Country Club	17,427	15 years with option to renew for 15 years with effect from 11 December 2006	197	S$36.4 million	3,782
Singapore					
Pacific Healthcare Nursing Home @ Bukit Merah	3,593	10 years with option to renew for 10 years with effect from 11 April 2007	259	S$10.8 million	1,011
Pacific Healthcare Nursing Home II @ Bukit Panjang	3,563	10 years with option to renew for 10 years with effect from 11 April 2007	265	S$10.7 million	985

Description of Property	GFA (sq m)	Lease Terms	Maximum no. of Beds/ Saleable Rooms (as at 31 December 2012)	Appraised Value(1)	Gross Revenue(2) (from 1 January 2012 to 31 December 2012) (S$'000)
The Lentor Residence	2,983	10 years with option to renew for 10 years with effect from 8 June 2007	148	S$16.8 million	1,093
Republic of South Korea					
Sarang Hospital	4,982	10 years with option to renew for 10 years with effect from 5 August 2011	217	US$11.7 million	1,955

Notes:

(1) For the properties located in Indonesia, Mochtar Riady Comprehensive Cancer Centre was appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd as at 7 November 2012, while the other five Indonesia properties were each appraised by KJPP Willson & Rekan in association with Knight Frank as at 7 November 2012. The properties located in Singapore were appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 7 November 2012, and the property located in the Republic of South Korea was appraised by Cushman & Wakefield (Korea) Ltd as at 7 November 2012.

(2) "**Gross Revenue**" consists of Gross Rental Income and (where applicable) other income earned from First REIT's properties.

3.2 Description of the Properties in the Existing Portfolio

3.2.1 Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, 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, is an 11-storey mixed use development with a basement level, comprising Siloam Hospitals Manado and Hotel Aryaduta Manado which sit on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 224 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 200 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the east side of Jalan Piere Tendean and on the west side of Jalan Sam Ratulangi, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. Notable developments in the close vicinity of Siloam Hospitals Manado & Hotel Aryaduta Manado include IT Center, Mega Mall Manado and Komandan Korem (Danrem) 131/Santiago (a military office). It covers a total

GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space.

Siloam Hospitals Manado is fully equipped with the latest medical equipment and facilities, including CT, MRI, Ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

Siloam Hospitals Manado is a tourist-friendly hospital that caters to multiple classes of patients, comprising local residents from all socio-economic classes, corporate patients, and tourists. In order to enhance Siloam Hospitals Manado's image as a modern international hospital, Hotel Aryaduta Manado provides a full range of food and beverages catering to the patients and accommodation for family members as well as to tourists visiting Manado.

Other than Siloam Hospitals Manado's Centre of Excellence in trauma, the hospital will also serve to provide a comprehensive range of inpatient and outpatient services. Apart from therapeutic services, the hospital will also include an extensive range of diagnostic and preventive healthcare services.

Emergency and medical evacuation to and from the hospitals are available via designated ambulances. The state-of-the-art Accident and Emergency ("**A&E**") department hosts a two-bedded resuscitation unit and three procedural units for patients requiring minor surgical or anaesthetic procedures. Through the telemedicine system and helicopter ambulance services, Siloam Hospitals Manado is also planning to provide remote patient care or consultation for the workers at several mining sites in North Sulawesi.

Through the implementation of clinical capabilities that are currently scarcely available in the region, such as 24-hour GP clinics, ambulance call centre, clinical pathways for acute coronary syndrome and stroke patient management, fully rapid response land and air ambulances, Siloam Hospitals Manado is likely to be the regional Centre of Excellence in trauma and many clinical services.

Hotel Aryaduta Manado which commenced operations on 1 January 2011 is a four-star hotel with 200 guest rooms. The Indonesian Association of Hotel and Restaurant (*Perhimpunan Hotel dan Restoran Indonesia*) has declared Hotel Aryaduta Manado as a five-star rated hotel and such decree shall be valid until June 2015.

Hotel Aryaduta Manado is integrated with Siloam Hospitals Manado and is well positioned to benefit from shared services and healthcare tourism, given its location. It provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families. The acquisition will allow First REIT to benefit not only from the healthcare sector, but also the growing medical tourism sector.

3.2.2 Siloam Hospitals Makassar

Siloam Hospitals Makassar is located at Jalan Metro Tanjung Bunga Kav 3 – 5, Panambunan Sub District, Mariso District, Makassar City, South Sulawesi Province, Republic of Indonesia. Siloam Hospitals Makassar, a newly-built seven-storey hospital. commenced operations on 9 September 2012 with a maximum operational capacity of 416 beds. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial development. Notable developments in the close vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebas Convention Center, Trans Makassar Mall and Losari Beach.

Siloam Hospitals Makassar will have state-of-the-art equipment, including CT, MRI, Ultrasound, Mammography and cardiac catheterization system, 58 specialist outpatient clinic suites and three operating theatres.

With Centres of Excellence in trauma and cardiology, emergency and medical evacuation to and from the hospital is available via designated ambulances. The A&E department hosts a three-bedded resuscitation unit and an observation ward equipped with 10 beds to serve any trauma and emergency patients in Makassar.

This A&E department is likely to provide additional support to the acute care needs of the local population residing in the urban or rural areas through its emergency care facilities backed by helicopter evacuation, well equipped Emergency Trauma Department with resuscitation units, and fully equipped ambulances. These capabilities are the first-of-its-kind in South Sulawesi.

3.2.3 Mochtar Riady Comprehensive Cancer Centre

Mochtar Riady Comprehensive Cancer Centre is Indonesia's first private comprehensive cancer treatment centre with state-of-the-art equipment.

Located near Plaza Semanggi, Hotel Aryaduta Semanggi and other international five-star hotels in Central Jakarta, the 29-storey, 375 beds Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients.

Mochtar Riady Comprehensive Cancer Centre will not only adopt a preventative focus through health screening, but will also be the first facility in Indonesia to offer break-through technologies that are at the forefront of cancer treatment and cancer diagnostics globally. Amongst the other firsts for Mochtar Riady Comprehensive Cancer Centre are a palliative care & oncology wellness centre, high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT), and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning.

It will also provide chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, inhouse clinical trials and integrated IT and PACS/RIS. Mochtar Riady Comprehensive Cancer Centre also develops training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

3.2.4 Siloam Hospitals Lippo Cikarang

Siloam Hospitals Lippo Cikarang was opened in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential area east of Jakarta. Siloam Hospitals Lippo Cikarang has 126 beds and is supported by 78 specialist doctors and 239 qualified nurses offering a broad range of general and specialist services, including an A&E Department. Siloam Hospitals Lippo Cikarang has Centres of Excellence in Urology, Internal Medicine and Trauma.

In late 2007, an ESWL unit was commissioned to treat patients with kidney stones. Siloam Hospitals Lippo Cikarang is also well respected for its Pediatric Neonatal Intensive Care Unit, which treats premature babies and sick babies. The Jakarta-Cikampek toll road and Cikarang industrial areas have made Siloam Hospitals Lippo Cikarang an ideal hospital in providing Trauma services. Siloam Hospitals Lippo Cikarang is supported by a 24-hours A&E department and ambulance services with medical evacuation facilities, which includes daytime helicopter evacuation. Siloam Hospitals Lippo Cikarang also provides general surgery, orthopedic surgery, neurology surgery, plastic surgery, urology surgery, thorax and cardiovascular surgery.

Specialist doctors were appointed in 2005 to perform digestive surgery using Laparoscopy, a technique that minimizes surgical trauma and accelerates recovery. Siloam Hospitals Lippo Cikarang caters to both inpatient and outpatient needs, and its Charter of Patients' Rights is actively promoted by its experienced team of medical professionals, whose training and expertise bring international standards in patient care.

3.2.5 Siloam Hospitals Lippo Village

With Centres of Excellence for neuroscience and cardiology, Siloam Hospitals Lippo Village offers a comprehensive range of cardiology services from preventive measures to complicated open-heart surgery. Conveniently located in the first private sector township of Lippo Village, Siloam Hospitals Lippo Village is situated 25 kilometres from Jakarta's Soekarno-Hatta International Airport. The Hospital is close to the west of the Karawaci Toll Gate on the Jakarta-Merak toll road, which connects Jakarta, the capital and business centre of Indonesia, to the industrial city of Merak.

With a population of over 3.7 million in Tangerang Regency (Lippo Village township included), Siloam Hospitals Lippo Village has a sizeable potential patient base. In November 2007, Siloam Hospitals Lippo Village became the first Indonesia hospital to attain the United States-based Joint Commission International accreditation – the world's leading internationally recognized hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 27,284 sq m.

3.2.6 Siloam Hospitals Kebon Jeruk

With Centres of Excellence for urology and orthopaedics, Siloam Hospitals Kebon Jeruk is known for its authority in the diagnosis and treatment of disorders of the urinary tract or urogenital system. The hospital also offers prevention, medical treatment and rehabilitation services for musculoskeletal system diseases including bone, hinge, muscle, nerve/tendon, ligament and backup net/structure.

With its location about 6.0 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 18,316 sq m.

3.2.7 Siloam Hospitals Surabaya

Siloam Hospitals Surabaya is a Centre of Excellence for fertility services, and the hospital successfully performed 990 ovum pick up with 45.5% pregnancy rate and also has a 47.5% pregnancy rate from 949 embryo transfers in 2012.

Located in the central area of Indonesia's second largest city – Surabaya, Siloam Hospitals Surabaya enjoys a large catchment area of potential patients, given the relatively lower number of higher quality hospitals in the region.

Surabaya is expected to witness increasing demand for healthcare related services as a result of strong per capita income growth. The hospital occupies a land area of 6,862 sq m and has a GFA of 9,227 sq m.

3.2.8 Imperial Aryaduta Hotel & Country Club

One of the very few hotels with linked country clubs in Jakarta, the 197-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services.

Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,427 sq m.

3.2.9 Pacific Healthcare Nursing Home @ Bukit Merah

Pacific Healthcare Nursing Home @ Bukit Merah, located close to Bukit Merah New Town and the Redhill MRT Station, as well as the City Centre, is a four-storey custom-built nursing home with 259 beds, a basement car park and a roof terrace.

Managed by Pacific Healthcare Nursing Home Pte. Ltd., the Home has a land area of 1,984 sq m and has a GFA of 3,593 sq m. Lease tenure for the land is for a period of 30.0 years with effect from 22 April 2002.

3.2.10 Pacific Healthcare Nursing Home II @ Bukit Panjang

Pacific Healthcare Nursing Home II @ Bukit Panjang is a five-storey custom-built nursing home with 265 beds and 33 car park lots. It is situated close to Bukit Panjang Town Centre and the Senja LRT Station, and is 18.0 km away from the City Centre.

Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30.0 years with effect from 14 May 2003.

3.2.11 The Lentor Residence

The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by First Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2008 Edition), the 148-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 2,983 sq m. First REIT has entered into an agreement with the tenant to develop an extension to the existing building to enhance The Lentor Residence on 26 July 2010.

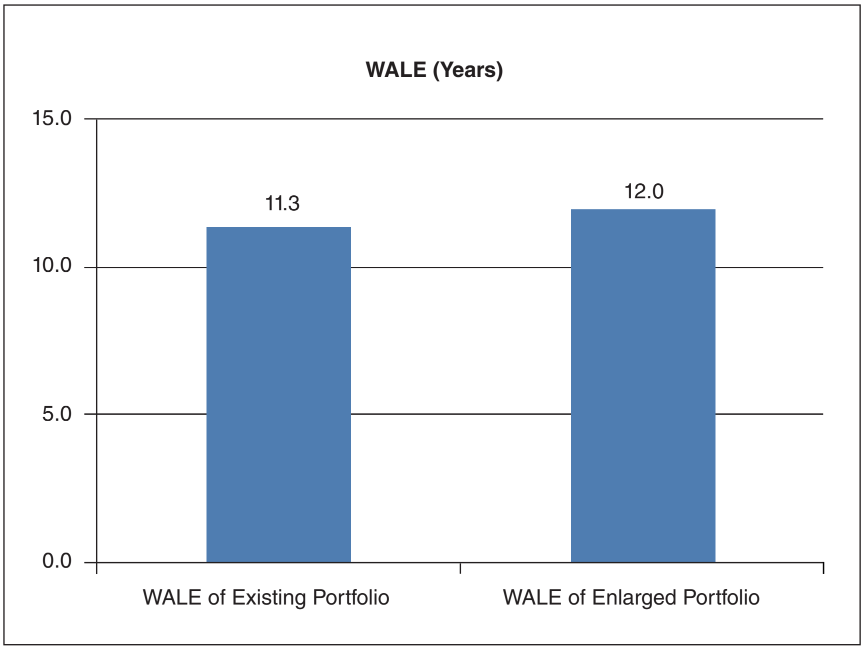
The extension comprises a five-storey building to and adjoining the existing building and it was completed on 8 February 2013. Lease tenure for the land is for a period of 99.0 years with effect from 20 August 1938.

3.2.12 Sarang Hospital

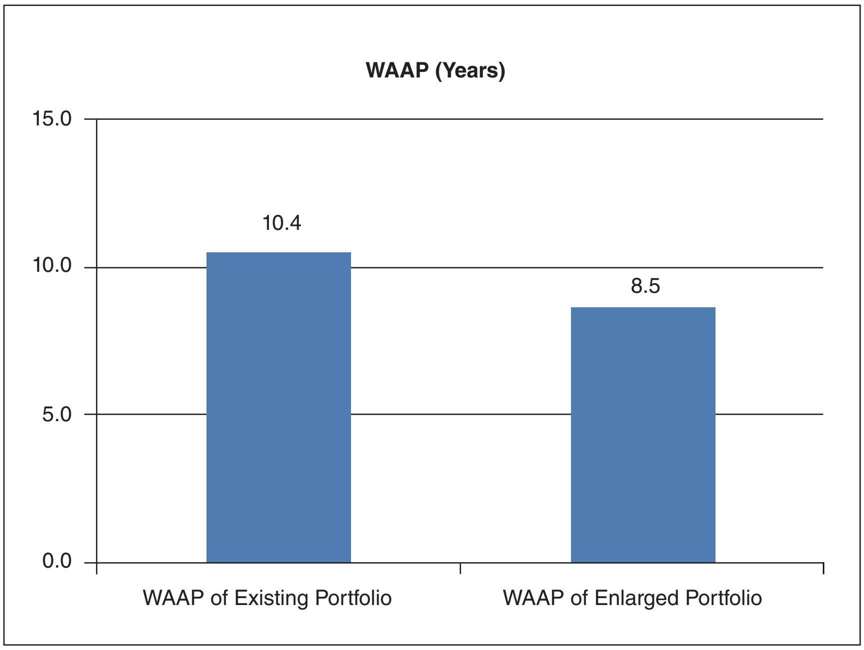
Sarang Hospital comprises a six-storey hospital with one basement. It has a total GFA of 4,982 sq m and is located in Yeosu City, South Korea. It is equipped with rehabilitation facilities and currently operates 34 wards and has 217 beds.

3.3 Lease Expiry and Average Property Age Profile of the Existing and Enlarged Portfolio

The following chart illustrates the weighted average lease to expiry ("**WALE**") profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2012. The WALE has improved from approximately 11.3 years for the Existing Portfolio to approximately 12.0 years for the Enlarged Portfolio.

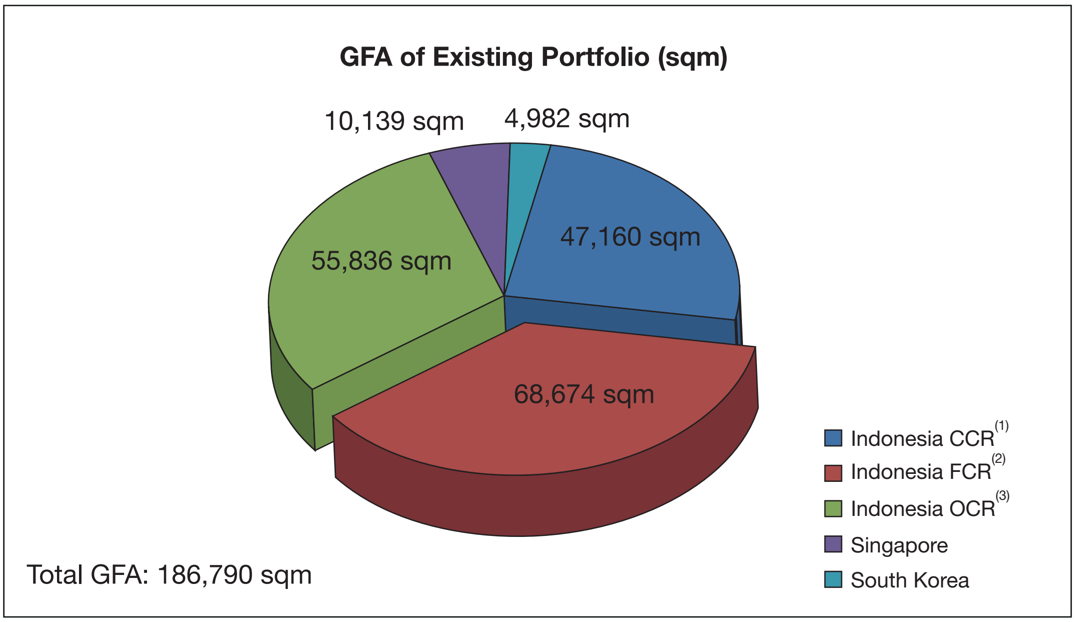


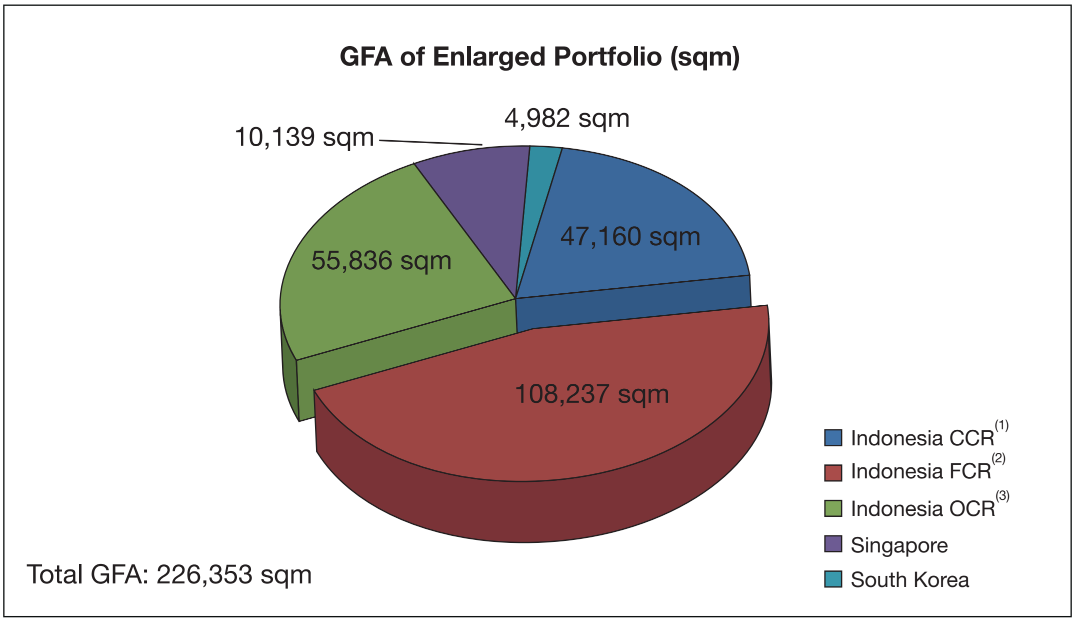
The following chart illustrates the weighted average age of properties ("**WAAP**") profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2012. The WAAP has reduced from 10.4 years for the Existing Portfolio to 8.6 years for the Enlarged Portfolio. This represents a 17.3% reduction in the average age of the properties in First REIT's Enlarged Portfolio.



3.4 Geographical Sector Analysis of the Existing and Enlarged Portfolio

The following charts provide a breakdown by GFA of the different geographical sectors of the Existing Portfolio and Enlarged Portfolio as at 31 December 2012. They are classified as Indonesia Core Central Region ("**CCR**"), Indonesia Fringe Central Region ("**FCR**"), Indonesia Outside Central Region ("**OCR**"), Singapore and South Korea.





Notes:

(1) Properties located in Indonesia CCR are namely Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Surabaya.

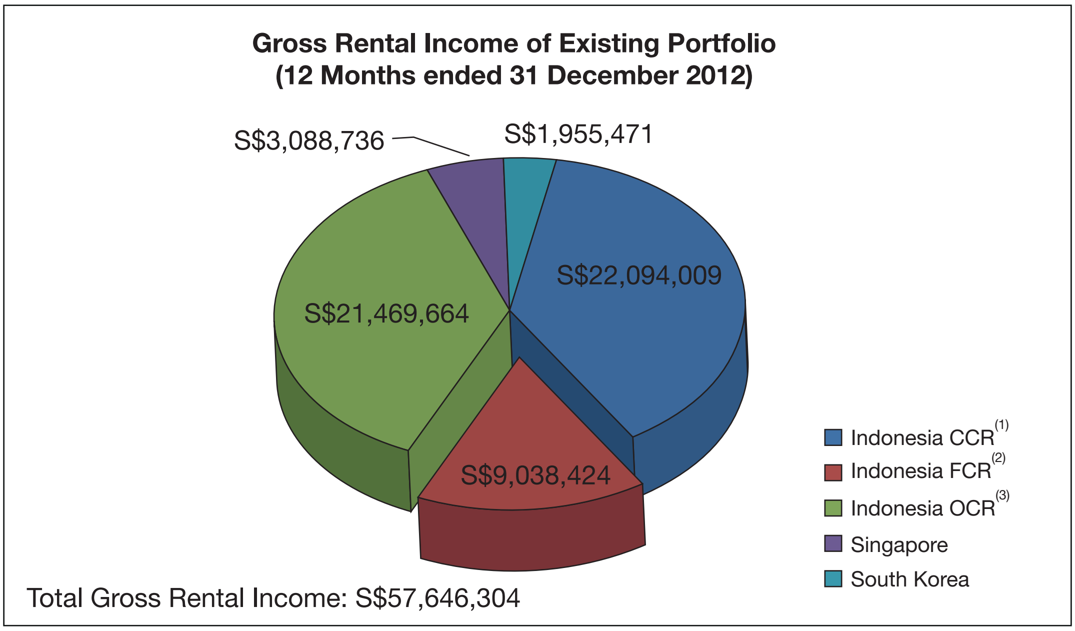
(2) Properties located in Indonesia FCR are namely Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar and Siloam Hospitals Kebon Jeruk.

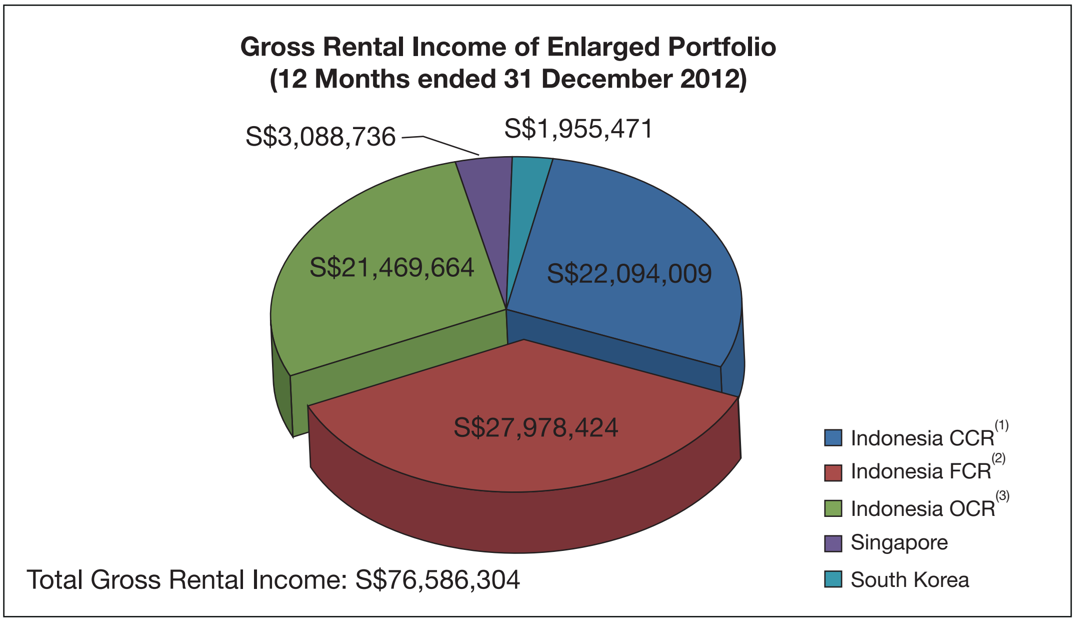
(3) Properties located in Indonesia OCR are namely Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club.

The GFA of the Enlarged Portfolio increased by 21.2% from 186,790 sq m to 226,353 sq m after the Acquisitions.

The following charts provide a breakdown by Gross Rental Income for the Existing Portfolio and the Enlarged Portfolio by geographical location for the financial year ended 31 December 2012.

The Enlarged Portfolio's gross rental income from the Indonesia FCR will be S$27,987,424 compared to S$9,038,424 for the Existing Portfolio. This is an increase of 209.5%.





Notes:

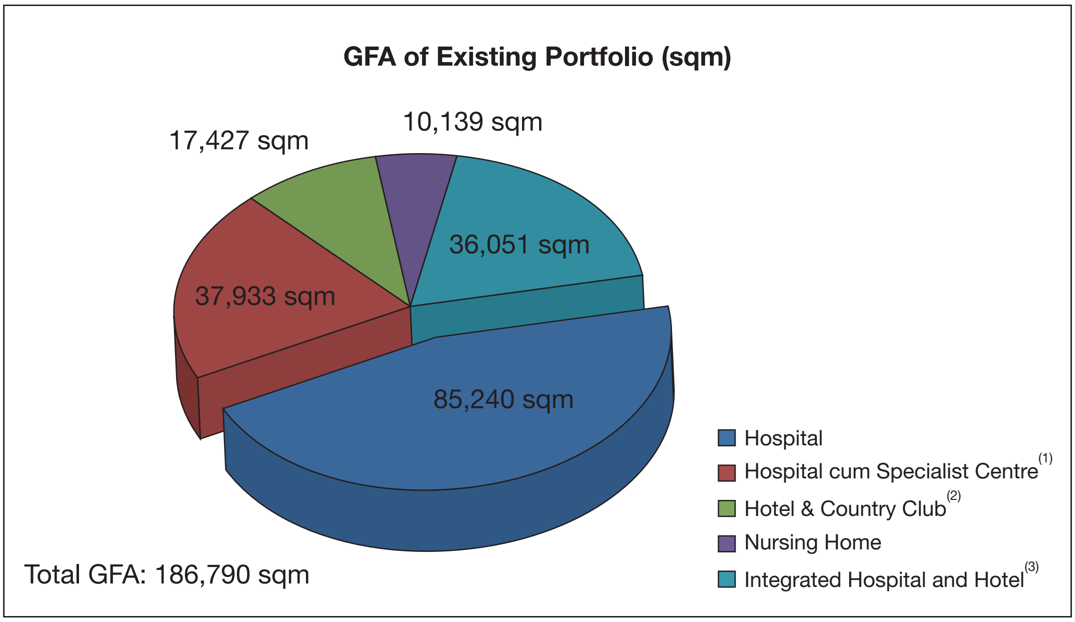
(1) Properties located in Indonesia CCR are namely Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Surabaya.

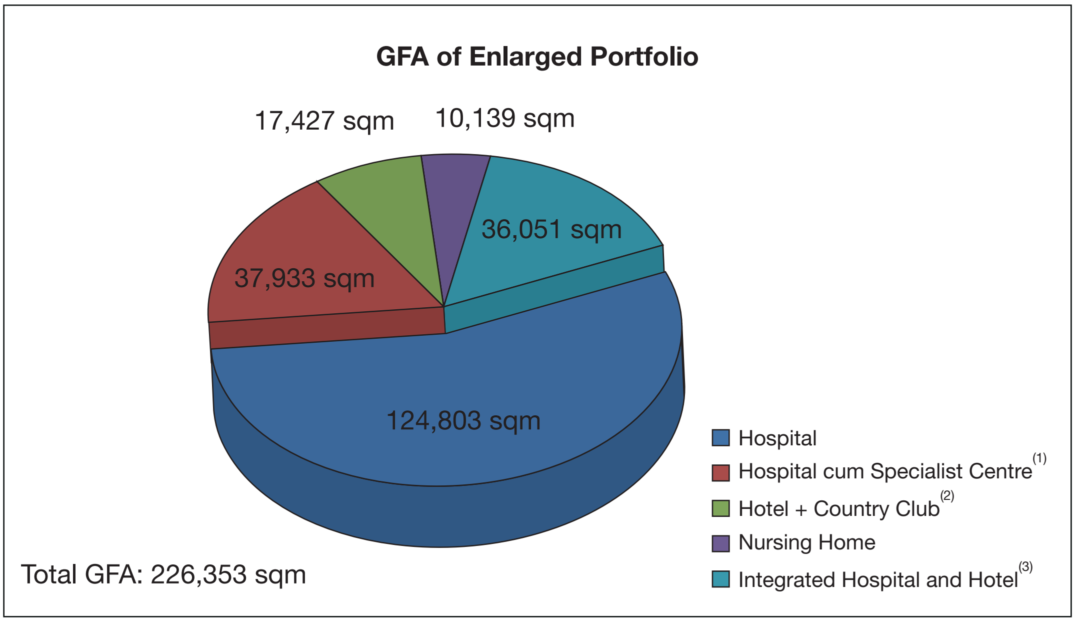
(2) Properties located in Indonesia FCR are namely Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar and Siloam Hospitals Kebon Jeruk.

(3) Properties located in Indonesia OCR are namely Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club.

3.5 Asset Classification Analysis of the Existing and Enlarged Portfolio

The following charts provide a breakdown by GFA of the different asset classification of the Existing Portfolio and Enlarged Portfolio as at 31 December 2012.





Notes:

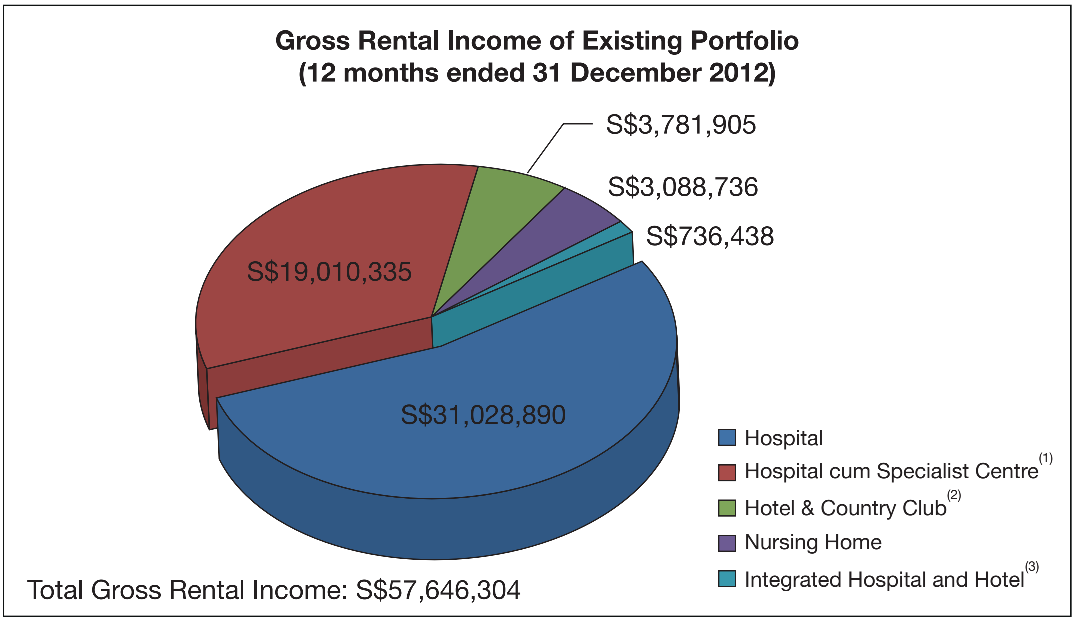
(1) Mochtar Riady Comprehensive Cancer Centre is classified as Hospitals cum Specialist Centre.

(2) Imperial Aryaduta Hotel & Country Club is classified as Hotel & Country Club.

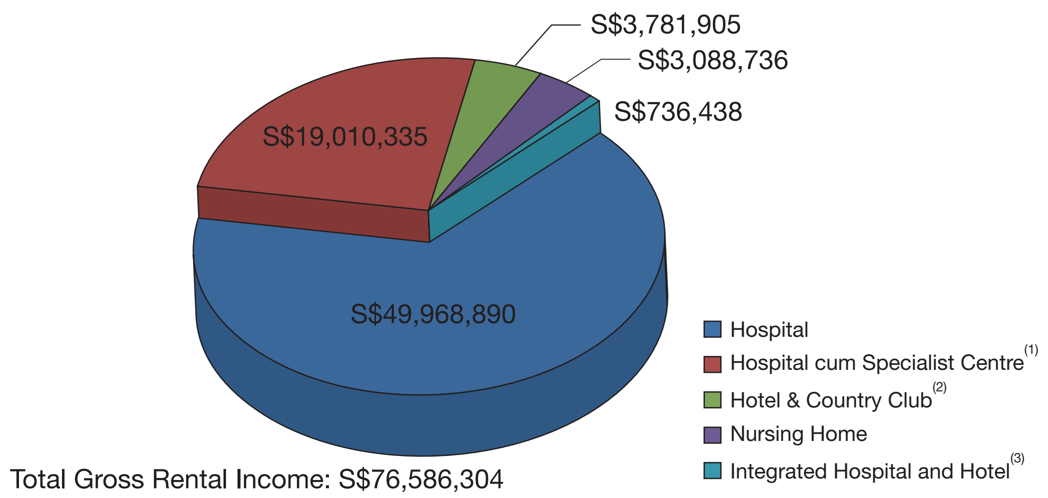
(3) Siloam Hospitals Manado & Hotel Aryaduta Manado is classified as Integrated Hospital and Hotel.

The GFA of hospital in the Enlarged Portfolio increased by 46.4% from 85,240 sq m to 124,803 sq m after the Acquisitions.

The following charts provide a breakdown by Gross Rental Income for the Existing Portfolio and the Enlarged Portfolio by asset classification for the financial year ended 31 December 2012.



Gross Rental Income of Enlarged Portfolio
(12 months ended 31 December 2012)



Notes:

(1) Mochtar Riady Comprehensive Cancer Centre is classified as Hospitals cum Specialist Centre.

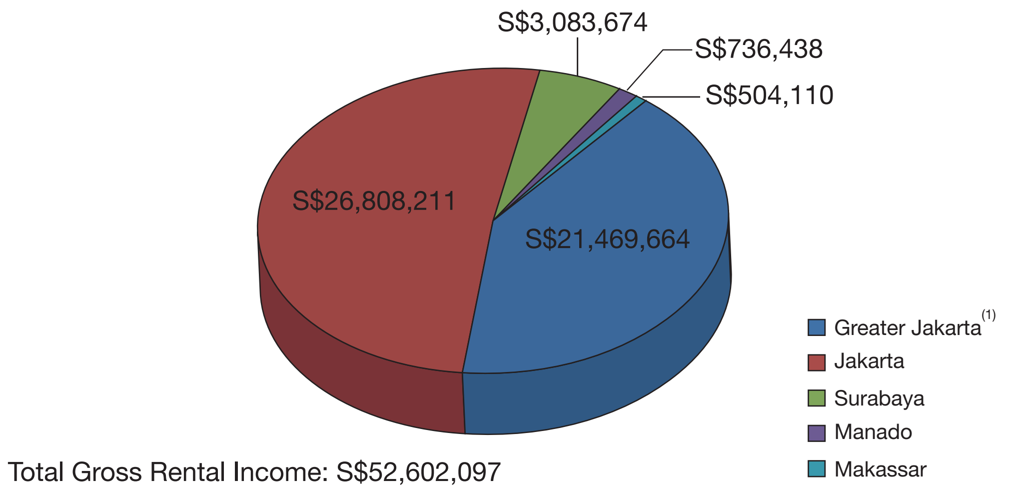
(2) Imperial Aryaduta Hotel & Country Club is classified as Hotel & Country Club.

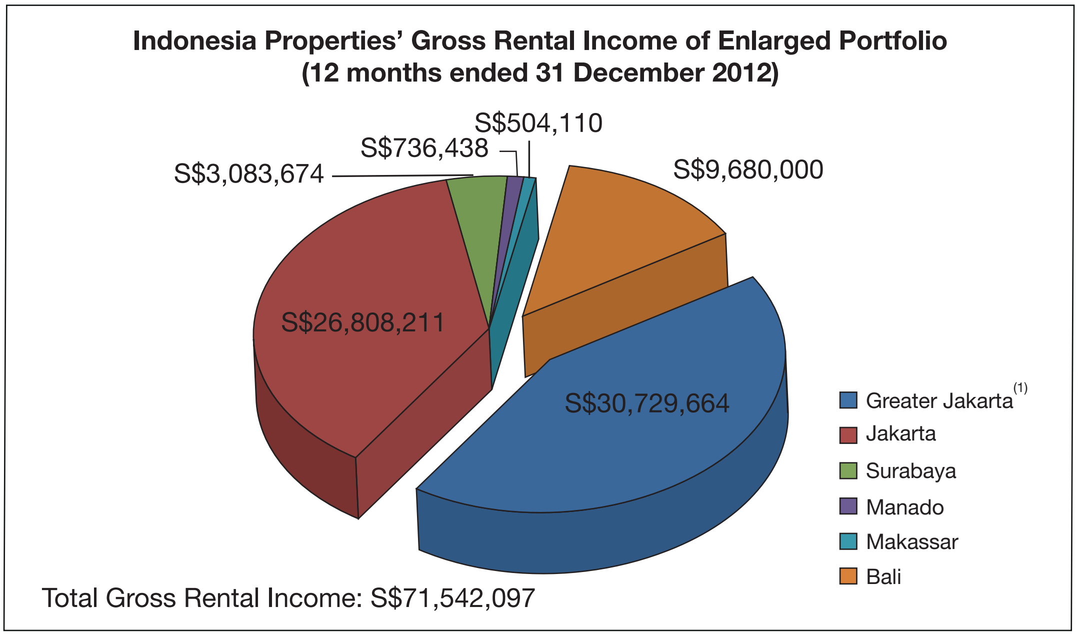
(3) Siloam Hospitals Manado & Hotel Aryaduta Manado is classified as Integrated Hospital and Hotel.

The Enlarged Portfolio's gross rental income from the Hospital asset classification will be S$49,968,890 compared to S$31,028,890 for the Existing Portfolio. This is an increase of 61.0%.

The following charts provide a breakdown by Gross Rental Income for the Existing Portfolio and the Enlarged Portfolio by geographical location in Indonesia for the financial year ended 31 December 2012.

Indonesia Properties' Gross Rental Income of Existing Portfolio
(12 months ended 31 December 2012)





Note:

(1) Properties located in Greater Jakarta are namely Siloam Hospitals TB Simatupang, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club.

In the Indonesia Enlarged Portfolio, First REIT will invest in a new geographical location in Indonesia, namely Bali, in which contributes S$9,680,000 or about 13.5% of the Gross Rental Income from Indonesia.

VALUATION SUMMARY REPORTS

WILLSON & REKAN

Letter No.: 149A/W&R-Letter/2013
Page 1.

8 March 2013

To:
HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

Attention: Ms. Esther Fong, Senior Vice President, (REITs)

c/o
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
50 Collyer Quay
#06-01, OUE Bayfront
Singapore 049321

Attention: Mr. Victor Tan, Chief Financial Officer.

RE: VALUATION OF SILOAM HOSPITALS BALI, INDONESIA.

Dear Madam and Sir,

Pursuant to the Valuation Proposal No. 015A/W&R-Proposal/I/2013 dated 25 January 2013, Bowsprit Capital Corporation Limited has instructed KJPP Willson dan Rekan in association with Knight Frank to conduct an independent property valuation of Siloam Hospitals Bali ("SHBL" / "the Subject Property") based on a proposed lease arrangement of the hospital's land and building with the Lessee that is stipulated in the proposed Term Sheet dated 26 February 2013.

This valuation is required in connection with the proposed acquisition of Subject Property by First REIT and thereafter the proposed inclusion of the Subject Property into the existing property portfolio of First REIT.

Siloam Hospitals Bali is a four-storey hospital with one basement level accommodating 295 beds that integrates with shops for related use, which is located at Jalan Sunset Road No.818, Kuta, Badung, Bali 80361, Indonesia. The hospital has a land area of 9,025 square meters and a gross building floor area of 20,958 square meters with 235 car parking spaces. The hospital commenced operations on 17 December 2012.

The Valuer has conducted inspection of the Subject Property on 26 February 2013.

The basis of this valuation is Market Value, which is defined as "the estimated amount for which an asset 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" that makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2007. Our valuers who conduct this valuation are abiding to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

Continued to page 2...

in association with
Knight Frank

Kantor Jasa Penilai Publik
Willson dan Rekan (License No. : 2.09.0049)
Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia
T +62 (21) 570 7170 F +62 (21) 570 7177
www.knightfrank.co.id

Letter No.: 149A/W&R-Letter/2013
Page 2.

This valuation has adopted the income approach using the discounted cash flow analysis based on the terms and conditions as stipulated in the proposed Term Sheet dated 26 February 2013.

Our opinion of the Market Value of Siloam Hospitals Bali as at 26 February 2013 subject to the execution and signing of the Master Lease Agreement with terms and condition as stipulated in the proposed Term Sheet dated 26 February 2013 and subject to our disclaimer, limiting conditions, assumptions, and comments to be detailed in our full valuation report is

S$113,000,000.
(Singapore Dollars One Hundred Thirteen Million Only)

The above amount is equivalent to Indonesian Rupiahs 881,400,000,000.- at the exchange rate of S$1 = Rp. 7,800.

This letter serves for information purposes only in presenting the above valuation result. Our formal opinion of valuation will be presented in our full valuation report.

For and on behalf of
KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

Bayu R. Wiseso
ST, MRE, MAPPI (Cert.)
Partner

Public Valuer License No.: P-1.08.00015
Capital Market Valuer Registration No.68/BL/STTD-P/A/2012
Member of Indonesian Society of Appraiser (MAPPI) No: 00-S-01316

To : HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#03 – 01 HSBC Building
Singapore 049320

Our Ref. : RHP-Ct/1-P/I/2013-009
Date : 22 March 2013
No. Report : 034A-VAL-III/2013

VALUATION OF
FINANCIAL INTEREST IN SILOAM HOSPITALS BALI
JALAN SUNSET ROAD NO. 818
KUTA DISTRICT, BADUNG REGENCY
BALI PROVINCE, INDONESIA

Dear Sir/Madam,

Following instruction of HSBC Institutional Trust Services (Singapore) Limited ("**HSBC**") as Trustee of First Real Estate Investment Trust ("**First REIT**") ("**the Client**")under contract No. RHP-Ct/1-P/I/2013-009 dated 22 January 2013 to advise on the Market Value of financial interest in Siloam Hospitals Bali ("**SHBL or subject property**") which is bounded under a master lease term, located on Jalan Sunset Road No. 818, Kuta District, Badung Regency, Bali Province, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the formal valuation report for your consideration.

This assignment has been carried out by KJPP Rengganis, Hamid & Partner-KJPP RHP (previously PT Heburinas Nusantara) an independent valuation firm registered in Indonesian Society of Appraisers (*Masyarakat Profesi Penilai Indonesia*). Effective on 1 March 2011, KJPP-RHP has established a strategic alliance with CB Richard Ellis, a global property services company. KJPP-RHP is provided with a business permit from the Ministry of Finance and registered in Indonesian Capital Market & Financial Institutions Supervisory Agency ("Bapepam-LK"). Partners of KJPP-RHP have been registered in the Ministry of Finance and Bapepam-LK.

We understand that the purpose of this valuation is to give an independent opinion on Market Value of financial interest in subject property for potential REITS acquisition.

Basis of Valuation

The Indonesian Valuation Standard *(Standar Penilaian Indonesia)* 2007 defined Market Value as follows :

"The estimated amount for which an asset 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 ". (SPI.1.3.1)

Market Value refers and reflects the actual value regardless of any tax liability or costs associated with these sales transactions. The property is valued based on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

We have valued the property in Singapore Dollar currency since the fixed rent revenue is in Singapore Dollar. However, the operating asset generates income in Rupiah as the basis for variable rent calculation converted into Singapore Dollar by using fixed exchange rate of SGD1= Rp7,800/- as stated in the proposed master lease term dated 26 February 2013. For your information, the exchange rate at the date of valuation, 21 February 2013, is SGD1= Rp7,826/- (middle rate).

Assumption of Valuation

1. The value opinion stated in this report is restricted to the purpose of this valuation and cannot be used for other valuation purposes which can be misquoted.
2. The title of the subject property is assumed to be good marketable title, free, and clear from all liens and encumbrances, easements, restriction, or limitation. We did not make any land measurement and we assumed that the land drawing contained in the land certificates and/or provided by SHBL is true and accurate.
3. In this valuation we have assumed that the master lease term is transferable/marketable, free and clear from restriction and limitation.
4. For the purposes of this valuation, we rely on the data provided by SHBL and verbal data gathered during site inspection and assume that those are true and accurate.
5. This valuation depends on the terms, conditions, comments and details as stated in the full report.

Approach of Valuation

Generally, there are three basic approaches to value that should be considered;

1. Income approach
2. Cost approach
3. Sales comparison approach

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. The final step in the appraisal process is reconciliation – a process by which we analyze alternative conclusions and selects a final value estimate from among the indications of value.

In this valuation, we have considered that the **Income Approach utilizing the Discounted Cash Flow Method (DCF Method)** analysis is most applicable in valuing the subject property with the improvements erected thereon.

DCF method is most suitable for valuing income-producing properties. In this method, the anticipated series of annual net operating income of the property is processed to produce an indication of value. Net operating income is the income generated before payment on any debt service and tax. The series of net operating income is discounted into present value by using a discount rate that reflecting the level risk and return of similar properties.

Source of Information

We have been provided with copy of land title certificates, copy of building permit letter, copy of master lease term summary, copy of property tax, business plan and others related documents. We have assumed these are true and correct.

Confidentially and Disclaimers

In accordance with our normal practice we confirm that this report is confidential to the parties for the specific purpose to which it refers. No responsibility is accepted regarding any third party, and neither the whole of the report nor any part or reference there to may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

We hereby enclose our valuation certificate.

Yours faithfully
For and on behalf of
KJPP Rengganis, Hamid & Partners

KJPP Rengganis, Hamid & Rekan

Ir. Rengganis Kartomo, MSc. MAPPI (Cert)
Managing Partner
Licensed Valuer No. PB-1.08.0006
MAPPI No. 95-S-00632

VALUATION CERTIFICATE

Property	Description	Market Value as at 21 February 2013
<u>Property Brief</u> The subject property is financial interest in Siloam Hospitals Bali (SHBL) with shops for related use which is bounded under a master lease agreement. <u>Location</u> SHBL is located at Jalan Sunset Road No. 818, Kuta District, Badung Regency, Bali Province, Indonesia. It is located on the west side of Jalan Sunset Road or within radius of: • about 750 meters to the south of intersection between Jalan Sunset Road and Jalan Ngurah Rai By Pass or Dewa Ruci Statue. • about 2 kilometers to the east of Kuta Beach; • about 7.6 kilometers to the north of Ngurah Rai International Airport.	<u>Site Detail and Tenure</u> SHBL site is L-shaped with land area of about 9,025 square meters. It is generally flat and much higher than the fronting road. Based on the photocopy of the land title document provided by the Client, we understand that SHBL is covered with 7 Leasehold Certificates (Hak Guna Bangunan Certificate – "SHGB") registered under the name of PT Buana Mandiri Selaras. They will expire on 26 March 2038. <u>Building Description</u> SHBL is a 4-storey hospital with one basement level accommodating maximum 295 beds (currently 104 beds and will be 197 beds by year end) with shops for related use, which commenced operation on 17 December 2012. The total gross floor area is 20,958 square meters with 235 car parking lots.	SGD 111,400,000/- (ONE HUNDRED ELEVEN MILLION AND FOUR HUNDRED THOUSAND SINGAPORE DOLLARS)

8 March 2013

To:
HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#14-01 HSBC Building
Singapore 049320

Attention: Ms. Esther Fong, Senior Vice President, (REITs)

c/o
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
50 Collyer Quay
#06-01, OUE Bayfront
Singapore 049321

Attention: Mr. Victor Tan, Chief Financial Officer.

RE: INDICATIVE VALUATION OF SILOAM HOSPITALS TB SIMATUPANG, INDONESIA.

Dear Madam and Sir,

Pursuant to the Valuation Proposal No. 015B/W&R-Proposal/I/2013 dated 25 January 2013, Bowsprit Capital Corporation Limited has instructed KJPP Willson dan Rekan in association with Knight Frank to conduct an independent property valuation of Siloam Hospitals TB Simatupang ("SHTS" / "the Subject Property") based on a proposed lease arrangement of the hospital's land and building with the Lessee that is stipulated in the proposed Term Sheet dated 26 February 2013.

This valuation is required in connection with the proposed acquisition of Subject Property by First REIT and thereafter the proposed inclusion of the Subject Property into the existing property portfolio of First REIT.

Siloam Hospitals TB Simatupang is a sixteen-storey hospital with two basement levels that will accommodate 271 beds. The hospital is located at Jalan LetJend. TB Simatupang / Jalan R.A. Kartini No.8, Cilandak, South Jakarta, Indonesia. The hospital has a land area of 2,489 square meters and a gross building floor area of 18,605 square meters with 143 car parking spaces.

The Valuer has conducted inspection of the Subject Property on 26 February 2013, which at that date the hospital is not yet operational. The hospital is targeted to start its operation tentatively on 15 April 2013.

The basis of this valuation is Market Value, which is defined as "the estimated amount for which an asset 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" that makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2007. Our valuers who conduct this valuation are abiding to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

Continued to page 2...

Kantor Jasa Penilai Publik
Willson dan Rekan (License No. : 2.09.0049)
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Letter No.: 149B/W&R-Letter/2013
Page 2.

This valuation has adopted the income approach using the discounted cash flow analysis based on the terms and conditions as stipulated in the proposed Term Sheet dated 26 February 2013.

Our opinion of the indicative Market Value of Siloam Hospitals TB Simatupang only if as at 26 February 2013 the hospital was already in operational, which is subject to the execution and signing of the Master Lease Agreement with terms and condition as stipulated in the proposed Term Sheet dated 26 February 2013 and subject to our disclaimer, limiting conditions, assumptions, and comments to be detailed in our full valuation report is

S$108,400,000.
(Singapore Dollars One Hundred Eight Million and Four Hundred Thousand Only)

The above amount is equivalent to Indonesian Rupiahs 845,520,000,000.- at the exchange rate of S$1 = Rp. 7,800.

This letter serves for information purposes only in presenting the above indicative valuation result. Our formal opinion of valuation will be presented in our full valuation report.

For and on behalf of
KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

Bayu R. Wiseso
ST, MRE, MAPPI (Cert.)
Partner

Public Valuer License No.: P-1.08.00015
Capital Market Valuer Registration No.68/BL/STTD-P/A/2012
Member of Indonesian Society of Appraiser (MAPPI) No: 00-S-01316

To : HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#03 – 01 HSBC Building
Singapore 049320

Our Ref. : RHP-Ct/1-P/I/2013-010
Date : 22 March 2013
No. Report : 035A-VAL-III/2013

VALUATION OF
FINANCIAL INTEREST IN SILOAM HOSPITALS TB SIMATUPANG
JALAN LETJEND. T.B. SIMATUPANG
CILANDAK BARAT SUBDISTRICT, CILANDAK DISTRICT
SOUTH JAKARTA CITY, DKI JAKARTA PROVINCE, INDONESIA

Dear Sir/Madam,

Following instruction of HSBC Institutional Trust Services (Singapore) Limited ("HSBC") as Trustee of First Real Estate Investment Trust ("First REIT") ("the Client") under contract No. RHP-Ct/1-P/I/2013-010 dated 22 January 2013 to advise on the Market Value of financial interest in Siloam Hospitals TB Simatupang ("SHTS or subject property") which is bounded under a master lease term, located on Jalan Letjend. T.B. Simatupang, Cilandak Barat Subdistrict, Cilandak District, South Jakarta City, DKI Jakarta Province, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the formal valuation report for your consideration.

This assignment has been carried out by KJPP Rengganis, Hamid & Partner-KJPP RHP (previously PT Heburinas Nusantara) an independent valuation firm registered in Indonesian Society of Appraisers (*Masyarakat Profesi Penilai Indonesia*). Effective on 1 March 2011, KJPP-RHP has established a strategic alliance with CB Richard Ellis, a global property services company. KJPP-RHP is provided with a business permit from the Ministry of Finance and registered in Indonesian Capital Market & Financial Institutions Supervisory Agency ("Bapepam-LK"). Partners of KJPP-RHP have been registered in the Ministry of Finance and Bapepam-LK.

We understand that the purpose of this valuation is to give an independent opinion on Market Value of financial interest in subject property for potential REITS acquisition.

Basis of Valuation

The Indonesian Valuation Standard *(Standar Penilaian Indonesia)* 2007 defined Market Value as follows :

"The estimated amount for which an asset 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 ". (SPI.1.3.1)

Market Value refers and reflects the actual value regardless of any tax liability or costs associated with these sales transactions. The property is valued based on the assumption that it is free and clear of all mortgages, encumbrances and other outstanding premiums and charges.

We have valued the property in Singapore Dollar currency since the fixed rent revenue is in Singapore Dollar. However, the operating asset generates income in Rupiah as the basis for variable rent calculation converted into Singapore Dollar by using fixed exchange rate of SGD1= Rp7,800/- as stated in the proposed master lease term dated 26 February 2013. For your information, the exchange rate at the date of valuation, 21 February 2013, is SGD1= Rp7,826/- (middle rate).

Assumption of Valuation

1. The value opinion stated in this report is restricted to the purpose of this valuation and cannot be used for other valuation purposes which can be misquoted.
2. The title of the subject property is assumed to be good marketable title, free, and clear from all liens and encumbrances, easements, restriction, or limitation. We did not make any land measurement and we assumed that the land drawing contained in the land certificates and/or provided by SHTS is true and accurate.
3. In this valuation we have assumed that the master lease term is transferable/marketable, free and clear from restriction and limitation.
4. For the purposes of this valuation, we rely on the data provided by SHTS and verbal data gathered during site inspection and assume that those are true and accurate.
5. This valuation depends on the terms, conditions, comments and details as stated in the full report.

Approach of Valuation

Generally, there are three basic approaches to value that should be considered;

1. Income approach
2. Cost approach
3. Sales comparison approach

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. The final step in the appraisal process is reconciliation – a process by which we analyze alternative conclusions and selects a final value estimate from among the indications of value.

In this valuation, we have considered that the **Income Approach utilizing the Discounted Cash Flow Method (DCF Method)** analysis is most applicable in valuing the subject property with the improvements erected thereon.

DCF method is most suitable for valuing income-producing properties. In this method, the anticipated series of annual net operating income of the property is processed to produce an indication of value. Net operating income is the income generated before payment on any debt service and tax. The series of net operating income is discounted into present value by using a discount rate that reflecting the level risk and return of similar properties.

<u>Source of Information</u>
We have been provided with copy of land title certificates, copy of building permit letter, copy of master lease term summary, copy of property tax, business plan and others related documents. We have assumed these are true and correct.

<u>Confidentially and Disclaimers</u>
In accordance with our normal practice we confirm that this report is confidential to the parties for the specific purpose to which it refers. No responsibility is accepted regarding any third party, and neither the whole of the report nor any part or reference there to may be published in any document, statement or circular, nor in any communication with third parties without our prior written approval of the form and context in which it will appear.

We hereby enclose our valuation certificate.

Yours faithfully
For and on behalf of
KJPP Rengganis, Hamid & Partners

KJPP Rengganis, Hamid & Rekan

<u>Ir. Rengganis Kartomo, MSc. MAPPI (Cert)</u>
Managing Partner
Licensed Valuer No. PB-1.08.0006
MAPPI No. 95-S-00632

VALUATION CERTIFICATE

Property	Description	Market Value as at 21 February 2013
<u>Property Brief</u> The subject property is financial interest in Siloam Hospitals TB Simatupang (SHTS) which will be bounded under a master lease agreement. <u>Location</u> SHTS is located on Jalan Letjen T.B. Simatupang, Cilandak Barat Subdistrict, Cilandak District, South Jakarta City, DKI Jakarta Province, Indonesia. It is located on the south side of Jalan Letjend. T.B. Simatupang or within radius of: • about 200 meters to the west of Fatmawati toll date on Jakarta Outer Ring Road (JORR). • about 13 kilometers to the southwest of the National Monument at the center of Jakarta City; • about 22 kilometers to the south east of Soekarno-Hatta International Air Port.	<u>Site Detail and Tenure</u> SHTS site is rectangular in shape with land area of about 2,489 square meters. It is generally flat and much higher than the fronting road. Based on the executive summary of limited legal due diligence on land and building of SHTS prepared by Makes & Partners Law Firm, the subject property is covered under Leasehold Certificate (Hak Guna Bangunan Certificate – "SHGB") No. 1266 registered under the name of PT Mitra Satu Hati with land area of about 2,832 sqm and will expire on 28 September 2028. The SHGB is currently in the process of being segregated into 2 SHGB, 1 SHGB with over the area of approximately 2,489 sqm (under the SHTS is constructed) and the other SHGB with area of approximately 343 sqm. Based on the verbal information from the Client, SHTS will only buy a total of 2,489 sqm area. <u>Building Description</u> SHTS is a 16-storey hospital with two basement levels with 143 car parking lots accommodating 271 beds and will commence operation by early April 2013. The total gross floor area is about 18,605 square meters.	SGD 104,300,000/- (ONE HUNDRED FOUR MILLION AND THREE HUNDRED THOUSAND SINGAPORE DOLLARS)

FROST & SULLIVAN

Overview and Assessment of South Jakarta & Bali Healthcare Services Market in Indonesia

Final Report

April 2013

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1 OVERVIEW OF THE HEALTHCARE SERVICES INDUSTRY IN INDONESIA

1.1 INDUSTRY OVERVIEW

1.1.1 Indonesia Healthcare Status

With an estimated population of approximately 248 million people, Indonesia has enjoyed large gains in the quality of healthcare over the past decade, thanks to improvements in living conditions, public healthcare intervention, and progress in medical care.

Table 1-1: Key Healthcare Indicators for Indonesia, 2007-2012

Healthcare Indicators	2007	2008	2009	2010	2011	2012
Population (million)	226	229	232	238	245	248
Population Growth Rate (%)	1.3%	1.3%	1.3%	2.6%	2.9%	1.2%
Birth Rate (per 1,000)	19.65	19.24	18.84	18.45	18.1	17.76
Mortality Rate (per 1,000)	6.90	6.85	6.80	6.28	6.26	6.28
Life Expectancy (Female)	72.7	73.1	73.4	73.9	74.0	74.7
Life Expectancy (Male)	67.6	68.0	68.3	68.8	68.8	69.0

Source: IMF, CIA World Fact Book, Indonesian Department of Health, Frost & Sullivan

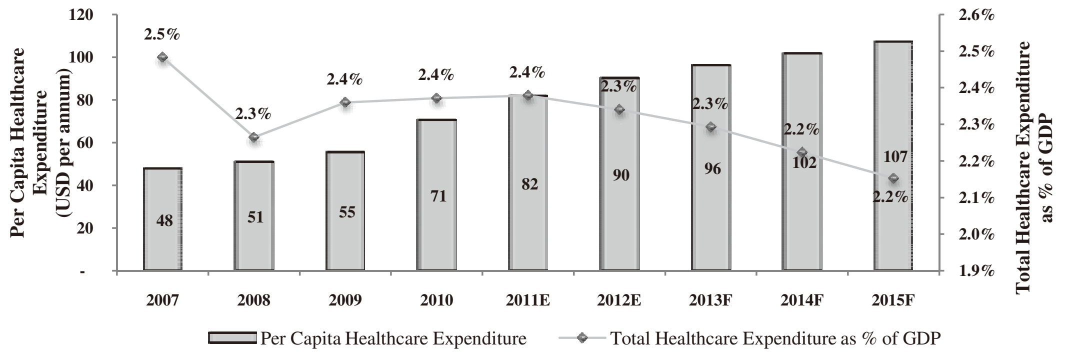
As shown in Table 1-1, life expectancy for both males and females has increased while the mortality rate has decreased over the past five years since 2007, indicating that the healthcare outcomes in Indonesia have improved over time.

1.2 OVERVIEW OF HEALTHCARE SYSTEM

1.2.1 Healthcare Expenditure in Indonesia

Chart 1-1 shows the trend in total healthcare expenditure as a percentage of GDP and the total per capita expenditure on healthcare in Indonesia. As of 2009 data, Indonesia's healthcare expenditure as a percentage of GDP is the lowest (2.4%), compared to other countries such as Vietnam (7.2%), Cambodia (5.9%), Malaysia (4.8%), China (4.6%), Thailand (4.3%), India (4.2%), and Philippines (3.8%) in the region.

Chart 1-1: Per Capita Healthcare Expenditure in Indonesia, 2007-2012

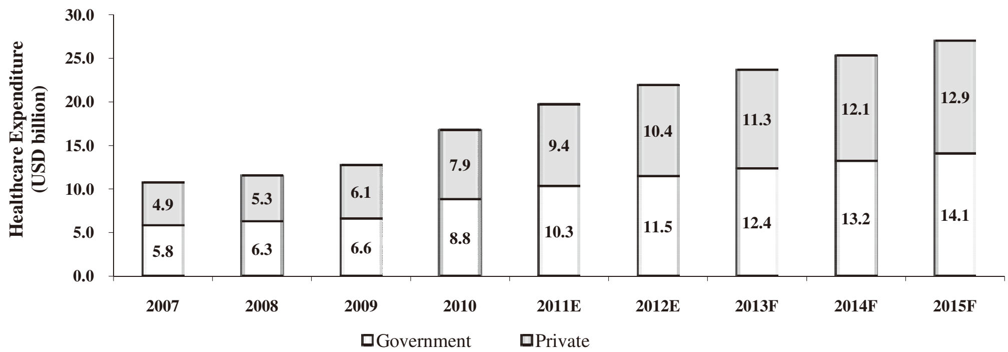


Source: WHO, Frost & Sullivan

Chart 1-2 illustrates the changing trend in contribution of the private and Government sectors in total healthcare expenditure. Healthcare in Indonesia is financed by the Government (through funds raised from taxation and social insurance), by private sources (private health insurance and out-of-pocket payments by the patients) and by other sources such as foreign aid grants to non-Government organizations (NGO) and donations. A positive upward trend is expected during the period 2013 through 2015, especially with the growing penetration of the universal public healthcare insurance.

In the past decade, the significant growth of the public healthcare sector underpinned majority of the healthcare sector development. The total healthcare expenditure has continued to grow despite the 2008-2009 economic crises. In response to the financial and economic crises, new emphasis was placed on pro-poor financing, whereby the public sector was bestowed as the primary sector for delivering accessible and affordable healthcare services to the poor. Universal social healthcare coverage (delivered through the Askeskin / Jamkesmas [1] programs) established in 2004 was the lynchpin funding platform by enabling substantial geographical and operational growth for the mobile public health centres (Puskesmas) and hospitalization reimbursements in public hospitals.

Chart 1-2: Healthcare Expenditure in Indonesia, 2007-2012



Source: WHO, Frost & Sullivan

[1]Jamkesmas (Jaminan Kesehatan Masyarakat or Community Health Insurance), is an insurance program run by the Depkes (Ministry of Health) to cover the healthcare needs of poor Indonesians. Started as 'Askeskin' in 2004, it evolved into Jamkesmas in 2008 and caters to over 86 million poor Indonesians as of January 2013. Government has earmarked IDR 8.29 trillion in 2013 to support this initiative, up from IDR 7.38 trillion in 2012. The Jamkesmas program will involve over 1,000 hospitals across the country.

The decentralization process in the public healthcare sector and the significant increase in Government investments have resulted in the increase in public healthcare expenditure from USD 1.7 billion in 2001 to approximately USD 13.6 billion in 2012. Improvements in general economic conditions, declining debt repayments and the reductions in Government subsidies (notably the fuel subsidies) could potentially allow Indonesia to increase investments in areas like healthcare and related services.

The private healthcare expenditure mainly comprises of out-of-pocket payments by individuals, employers, and private insurance companies. Until 2000, private healthcare expenditure accounted for about 75% of the total healthcare expenditure, but has decreased to around 48% of the total in 2012. Decentralization of the healthcare system and growth in Government expenditure has resulted in a good balance between the two elements of healthcare expenditure.

1.2.2 Healthcare Infrastructure in Indonesia

The number of private hospitals has been increasing driven by the Government's intention to increase healthcare accessibility and affordability. Though the number of private hospitals overtook the number of public hospitals in 2009, it saw a decline in 2011, due to the reclassification exercise. From 2007 to 2012, the number of private hospitals grew at a negative CAGR of 4.0%, while the number of public hospitals grew at a CAGR of 18.8%, again driven by this reclassification exercise.

Hospitals beds in Indonesia increased at a CAGR of 5.2% between 2007 and 2012. The Indonesian healthcare infrastructure is significantly underdeveloped, compared to its regional neighbours such as Malaysia, Philippines, and Thailand.

Table 1-2: Healthcare Infrastructure in Indonesia, 2007-2012

Infrastructure	2007	2008	2009	2010	2011	2012	CAGR % (2007-2012)
Total Number of Hospitals	1,319	1,372	1,523	1,632	1,722	2,085	9.6
Private Hospitals	667	673	768	838	316*	544*	-4.0
Public Hospitals	652	699	755	794	1,406*	1,541*	18.8
Total Number of Beds	142,707	149,538	163,680	166,288	174,995	184,095	5.2
Total Specialized Beds	20,412	20,788	22,077	22,860	23,678	24,578	3.8
Total General Beds	122,295	128,750	141,603	143,428	151,317	159,516	5.5
Private General Beds	45,074	47,266	52,064	52,468	55,196	58,067	5.2
Public General Beds	77,221	81,484	89,539	90,960	96,120	101,450	5.6
General Doctors	44,378	44,759	47,930	48,699	50,231	51,788	3.1
Specialized Practitioners	14,599	15,722	16,764	17,023	17,917	18,867	5.3
Nurses & Midwives	256,290	291,992	327,413	465,662	568,221	693,230	22.0

Source: Indonesian Ministry of Health

** Note: In 2011, the Indonesian Government started the process of reclassifying its hospitals. By end of 2012, there were 2,085 hospitals classified in Indonesia, of which 1,541 are public hospitals and 544 are private hospitals. Based on the new classification, the number of private hospitals has reduced when compared to 2010.*

The utilization of healthcare facilities in both the public and private sectors had changed significantly over the years, primarily due to the Government's shift towards a more community-centric healthcare system. During the early years of Jamkesmas, most of the private services were not reimbursable, hence patients moved towards the highly accessible and subsidized public healthcare centres and hospitals.

The surge in patient numbers has inevitably strained the human resources and facilities at public healthcare institutions, thereby leading to an increase in private sector participation in helping and delivering community based healthcare. As of January 2013, almost half of the 1,000 hospitals involved in the Jamkesmas program are private hospitals, which help to serve the low income subscribers under the scheme. This growing trend of private participation is likely to create a more balanced and efficient sharing of facilities and resources amongst both sectors in the future.

The number of general beds (per 10,000 population) in each province, as listed in Table 1-3, clearly shows that the gap in healthcare infrastructure between the developed and under-developed areas has yet to be effectively addressed.

Table 1-3: Hospitals and Beds by Province in Indonesia, 2012

Province	Number of Hospitals	General Beds per 10,000 population (2012)	Province	Number of Hospitals	General Beds per 10,000 population (2012)
East Java	286	11.0	North Sulawesi	35	22.8
Central Java	247	11.4	Papua	34	13.5
West Java	243	7.3	South Kalimantan	29	11.9
North Sumatera	174	14.9	Jambi	27	11.3
DKI Jakarta	142	21.4	Maluku	26	17.6
South Sulawesi	76	16.0	Riau Islands	25	13.7
Banten	73	6.5	Central Sulawesi	25	14.2
DI Yogyakarta	66	31.1	Southeast Sulawesi	23	11.4
West Sumatera	59	13.1	West NusaTenggara	22	8.2
Bali	54	14.3	Bengkulu	18	12.6
Riau	53	10.8	North Maluku	17	14.3
Aceh	51	14.7	Central Kalimantan	16	10.0
East Kalimantan	50	15.2	Bangka-Belitung	13	11.7
Lampung	46	6.4	West Papua	13	21.4
South Sumatera	42	8.8	Gorontalo	11	12.2
East Nusa Tenggara	41	11.6	West Sulawesi	8	9.1
West Kalimantan	38	11.8			

Source: BPS, Indonesian Ministry of Health, Frost & Sullivan

Note: The "General Beds per 10,000 population" is calculated by dividing the total number of hospital beds by the respective province's population and then multiplying this ratio with 10,000. Please note that the population is as of 2010, but the number of hospital beds is as of 2012.

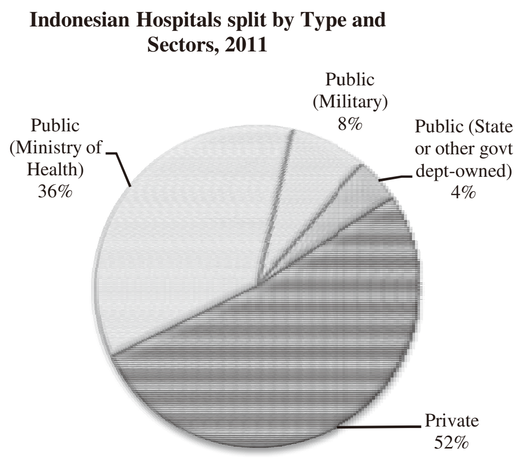
Table 1-4: Number of Public Hospitals by bed Size, 2008, 2010, 2011, 2012

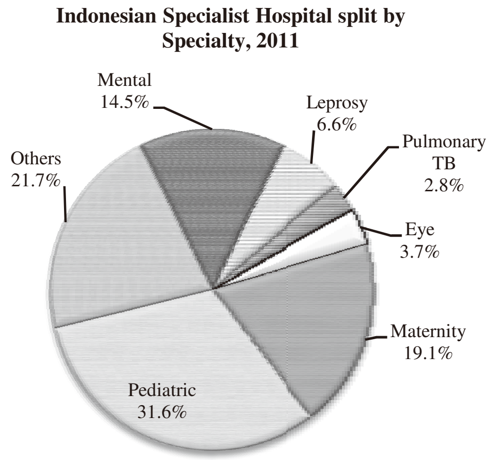
Year	Class A[2]	Class B [3]	Class C [4]	Class D [5]	Not Classified	Total
2008	8	79	256	88	268	**699**
2010	10	120	250	126	288	**794**
2011	40	155	262	134	160	**751**
2012	46	159	284	136	188	**813**

Source: Indonesian Ministry of Health

The largest number of Government hospitals is attributed to Class C, which generally serves the secondary and tertiary care segments for larger districts. The 46 Class A hospitals currently acting as highly specialized referral centres are situated in the major cities of Jakarta, Denpasar, Medan, Yogyakarta, Palembang, Surabaya, Semarang, Bandung and Makassar. Within the public healthcare sector, a majority of the general hospitals fall within the Class C classification. Despite the rapid increase in non-communicable diseases, specialist hospitals that cater to diseases such as cardiac care and cancer are still considerably low. However, specialist hospitals specializing in paediatric care, maternity care and psychiatric care are the most common.

Chart 1-3: Indonesia Hospital Split by Classifications, 2011





Source: Indonesian Department of Health, Frost & Sullivan

The Government understands the importance of the private sector in its overall healthcare system. It is believed that even within the low income population, a larger number of people prefer to seek critical services like child birth, diarrhoea, and acute respiratory infection from the private sector instead of the public sector.

[2] Class A hospitals: HIGHLY SPECIALIZED referral centres, with a minimum of 400 hospital beds

[3] Class B hospitals: SPECIALIZED referral centres with up to 18 specialty and sub-specialty departments, with a minimum of 200 hospital beds.

[4]Class C: GENERAL HOSPITALS designed to provide 4 basic specialist services in internal medicine, obstetrics and gynaecology, and paediatrics, with a minimum of 100 hospital beds.

[5]Class D: AVERAGE hospitals designed to provide general services, 2 basic specialist services, with a minimum of 50 hospital beds.
Both Class C and D hospitals are mostly in rural areas and are owned by the respective district Governments.

The Indonesian healthcare system also faces a supply challenge in terms of the availability of healthcare professionals, including specialists and general practitioners. This has led to regulatory changes and as a result, healthcare professionals can now simultaneously take up jobs in both the public and private sectors. According to USAID, more than 50.0% of the healthcare workers in Indonesia currently hold dual employment in both the public and private sectors.

Table 1-5: Healthcare manpower gap analysis, 2013

Healthcare Profession	Ratio per 100,000 population	Target Numbers (in '000s)	Availability (2013)	Surplus / (Shortage) (in '000s)
Specialists	12	29.4	20.6	(8.8)
General Doctors	48	117.8	85.4	(32.4)
Dentists	11	26.9	28.7	1.8
Nurses	158	387.7	427.2	39.5
Midwives	75	184.0	217.0	33.0

Source: Indonesian Department of Health, Frost & Sullivan

1.3 REGULATORY FRAMEWORK AND GOVERNMENT POLICY REVIEW

1.3.1 Long term development plan of the healthcare sector 2005 – 2025

The Indonesian Ministry of Health (MOH) designed the long term development plan for the healthcare sector or Rencana Pembangunan Jangka Panjang di Bidang Kesehatan (RPJPK). This program was designed to serve as a directory and reference for the Government, society and the public sector in order to develop the required missions and visions for healthcare development objectives.

RPJPK itself is divided into 4 periods:-

- First Mid Term Development plan (2005–2009) or known as Indonesia Sehat 2010,
- Second Mid Term Development plan (2010–2014),
- Third Mid Term Development plan (2015–2019), and
- Fourth Mid Term Development Plan (2019–2024).

1.3.2 First Mid Term Development Plan (2005 – 2009): Indonesia Sehat 2010 ("Healthy Indonesia 2010")

In the First Mid Term Development Plan, MOH set the direction to provide quality improvements in accessing healthcare services. The MOH set the vision "Healthy Indonesia 2010" by prioritizing four main elements of the healthcare sector development; national development with a healthcare focus, professionalism, decentralization and development of managed healthcare insurance. The 'Indonesia Sehat 2010' vision was designed by the Government to facilitate the future Indonesian society with improved standards of healthcare.

Through several initiatives, Healthy Indonesia 2010 was set to cover 75% of the population by 2009. However, by January 2010, it had covered only 45% of the population, among which 78.7 million were covered under the public scheme, 7 million under the private scheme, 15.2 million under the civil servant scheme, and 2-3 million under various small schemes, while 130 million people were still not covered under any scheme.

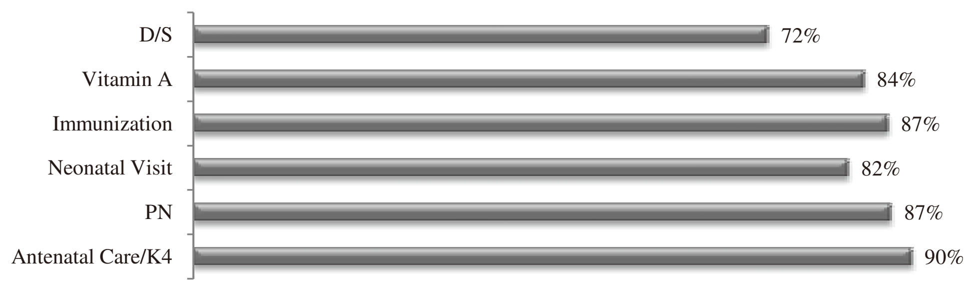
1.3.3 Second Mid Term Development Plan (2010 – 2014): Indonesia Sehat 2015 ("Healthy Indonesia 2015")

In Indonesia Sehat 2015, MOH developed a new Strategic Plan 2010–2014. Strategies to be implemented during this include: improvements in healthcare and nutritional status by at least 15%, increase in life expectancy to 71 years, decrease in mortality rate due to communicable diseases, implementation of non-communicable diseases control program to achieve 24 incidents per 1,000 live births, increase in public healthcare budgets to reduce the financial risk for healthcare ailments - especially for the low income population.

Chart 1-4 reflects Indonesia's achievements in its National Development Plan to improve the health and well-being of their citizens. To achieve a better and healthier Indonesia, the Ministry of Health has outlined its "Healthy Indonesia 2015" vision by prioritizing seven healthcare development policies. These include:

- Accelerate achievement of the Millennium Development Goals (MDGs) Healthcare Sector
- Promoting preventive healthcare
- Improving access and quality of healthcare services
- The fulfilment of needs in healthcare human resources in "Daerah Terpencil Perbatasan Kepulauan" (DTPK) and "Daerah Bermasalah Kesehatan" (DBK)
- Availability of equitable drugs & vaccines, traditional medicines, sustainability of raw materials and integration in healthcare services
- Effective and efficient bureaucracy
- Health insurance

Chart 1-4: Achievement of Health Development 2011



Source: MOH

Note: D/S refers to a metric under a Government initiative called Posyandu which is for pre- and post- natal healthcare services and information for women and children under the age of five, it aims to reduce maternal and infant mortality rates and is within the Indonesian Governments' working plan every year.

The D/S metric refers to
D: The total number of children under five years old, whose weight is monitored regularly,
S: The total number of children under five years old in that respective area of weigh in activity

PN refers to Pertolongan Persalinan which is the total number of child labour procedures assisted by medical personnel such as midwives, nurses or doctors rather than delivery at home.

1.3.4 Third and Fourth Mid Term Development Plans (2015 – 2024)

The Government plans to register citizens who are unable to receive medical treatment due to its high costs. It has earmarked USD 3.2 billion to improve healthcare services for the less fortunate. Over the period of third mid term development plan, the Government wants to ensure that no hospital refuses to give healthcare services or treatment to the poor. By the end of this plan, universal insurance is expected to be fully implemented nationwide.

1.3.5 Decentralization

Indonesia is a vast country with large geographical and economic disparities between sub regions. To ensure that there is positive healthcare development for the nation as a whole, healthcare efforts need to address specific healthcare issues in each region.

Ordinance No.32/2004 on Provincial Government, Ordinance No.33/2004 on Balance Financing between Central and Provincial Government, and Ordinance No.38/2007 on Affairs Division between the Central, Provincial Government, and Municipal Government, all point to greater efforts and structures on planning, budget allocation, and the provision of drugs for the public sector healthcare system. This has become the responsibility of the Municipal Government from an implementation standpoint. Decentralization is expected to provide greater autonomy to the regional Governments in regulating their own governance systems and local affairs, including provision of healthcare services.

1.3.6 Hospital Accreditation Framework

The Indonesian Government formed a Commission for Hospital Accreditation in 2012 for the quality assurance of hospitals in the country. This accreditation system, which is modelled closely to international standards, assesses each hospital once every 3 years before issuing an accreditation. As part of the Healthcare Reform 2010 to 2014, the Government targets to have at least 6 JCI accredited public hospitals in 5 major cities. The Government has earmarked seven flagship public hospitals to receive JCI accreditation before 2014, including the Fatmawati Hospital in South Jakarta.

The Indonesian Government formulated the Hospital Law in 2010 to further enhance the hospital standards within the country. This proposed new ruling is likely to further liberalize public-private partnerships, and also encourage domestic and/or foreign private investments into the hospital sector. This ruling increases maximum foreign hospital stake ownership from 65% to 67% and allows foreign hospital investments throughout the country, whereas previously, this was restricted only to Surabaya and Medan. The new Hospital Law is intended to raise healthcare delivery standards across the country, and is likely to serve as a ‘pull factor’ to retain the outbound Indonesian medical tourists in the long term to receive healthcare services within the country.

Table 1-6: Healthcare Regulation milestones in Indonesia

Name	Year	Main Function
Ministry of Health Regulation No. 920, subsequently updated in 1990	1986	Quality assurance governance on medical services provided at private hospitals
Health Act 23	1992	Regulates healthcare personnel training and education conducted by Government and private sector institutions
Ministry of Health Decree No. 282	1993	Stipulates the tariffs imposed on private hospital services
Ministry of Health Regulation No. 378	1993	Defines and regulates the social function of private hospitals
Ministry of Health Regulation No. 916	1997	Regulates the licensing of medical practitioners
Decision of Director General of Medical Services HK.00.06.3.5.5797, subsequently updated in 1999	1998	Guidelines on private medical specialist services
Ministry of Health Decree No. 1239	2000	Registration requirement for nurses and practice regulations
Ministry of Health Circular No. 725	2004	Updates on regulation of medical services provided by private hospitals
Social Security Law	2004	Mandates the nature of social security contribution and services
Hospital Law	2010	Regulatory framework for hospital operations, including investments, licenses, human resources, and safety procedures, and stipulated requirements for foreign hospital investments

Source: Ministry of Health, Frost & Sullivan

1.3.7 Social Security and Health Insurance (BPJS) & Jakarta's Health Card (Kartu Jakarta Sehat)

In 2011, the Government formed a body called BPJS (Badan Penyelenggara Jaminan Sosial). The BPJS is responsible for organizing healthcare insurance programs for the poor and low-income citizens in Indonesia. BPJS program includes work accident insurance, retirement insurance, and life insurance.

Another program that is expected to help increase access to healthcare services in Jakarta is the Jakarta Health Card program. This card, to be provided to all Jakarta identity card holders, will allow the holder to access free medical services at the city's community healthcare centres and hospitals. The Government expects that by end of 2013, about 4.7 million of the Jakarta population, regardless of income, will have access to this card. The administration expects to spend about IDR 2.9 trillion (USD 301.3 million) on healthcare in 2013, making it the biggest budget allocation in the 2013 Budget.

2 OVERVIEW OF THE HEALTHCARE SERVICES INDUSTRY IN SOUTH JAKARTA AND SILOAM HOSPITALS TB SIMATUPANG

2.1 OVERVIEW

Jakarta, known as the Specialist Capital Region of Jakarta or DKI Jakarta, is the capital and the largest city of Indonesia. Located on the northwest coast of Java island, Jakarta is the country's economic, cultural, and political centre. With a population of more than 10 million in 2011, it is the most populous city in Indonesia as well as in Southeast Asia.

Jakarta is divided into five "kota" or "kotamadya" ("cities" – formerly municipalities), and one regency ("kabupaten"). These cities are each headed by a mayor and the regency is headed by a regent. The cities/municipalities of Jakarta are: Central Jakarta, West Jakarta, South Jakarta, East Jakarta and North Jakarta.

Table 2-1: Population in DKI Jakarta by Kota / Kotamadya, 2009 – 2011

Kota / Kotamadya	2009	2010	2011
Central Jakarta	924,679	902,973	1,123,670
North Jakarta	1,422,838	1,645,659	1,716,345
South Jakarta	1,894,889	2,062,232	2,135,571
West Jakarta	1,635,645	2,281,945	2,260,341
East Jakarta	2,623,288	2,693,896	2,926,732
DKI Jakarta	**8,523,157**	**9,608,645**	**10,187,595**

Source: BPS, Civil Registration and Administration of DKI Jakarta

The population of DKI Jakarta has increased from 8.2 million in 1990 to 10.1 million in 2011. While Central Jakarta has the lowest population, the highest populated city in DKI Jakarta is East Jakarta, which is home to over a quarter of DKI Jakarta's population. Central Jakarta is known as the central business district (CBD) which is visited by nearly 4.0 million people for work or business.

South Jakarta, with a total population of over 2.1 million in 2011 is an integral part of DKI Jakarta and is a preferred residential area for high income groups and foreigners. This is evident from the emergence of group settlements in various parts of South Jakarta, such as Setiabudi, Pondok Indah, Permata Hijau, Kebayoran Baru and Kemang. South Jakarta has developed into a centre of tourism, shopping, and education, supported by the presence of a variety of flora and fauna, lakes and ponds, emergence of large shopping malls and universities of international standard.

2.2 MARKET DYNAMICS, TRENDS AND IMPACTS

2.2.1 Drivers of the Healthcare Services Market in DKI Jakarta

Table 2-2: Drivers of Healthcare Services Market in DKI Jakarta, 2012

	Drivers
a	Demography and Lifestyle changes
b	Prevailing Communicable and Non-communicable Diseases Incidence
c	High Maternal and Infant Mortality Rate
d	Universal Health Coverage and Government Support
e	Increasing Upper Middle Class Population

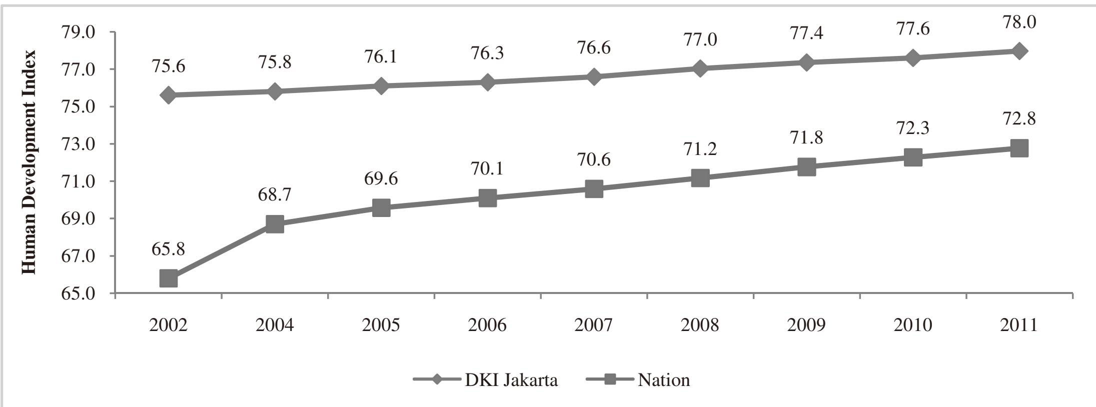
Source: Frost & Sullivan

a) Demography and Lifestyle changes

Jakarta, with more than 10 million inhabitants, is one of the largest urban areas in the world. Despite having 341 community healthcare centres (Puskesmas) and more than 4,000 integrated healthcare service posts (Posyandu), Jakarta is getting older and is still battling preventable diseases. The elderly population (above-55 age group) has grown from 16.0% in 2000 to 23.5% in 2010 and is projected to reach about 35.0% by 2025. This leads into the greater need moving forward for affordable healthcare services that are available to the elderly or the less fortunate. As the elderly population increases, more healthcare products and services will arise and cater specifically to these age groups (i.e. retirement homes, medical rejuvenation spa for the old).

The Human Development Index (HDI) measures the performance of human development through three dimensions - life expectancy rate, knowledge, and standard of living. DKI Jakarta's HDI has been on an increasing trend since 2002. In general, HDI of DKI Jakarta has always been above the national average.

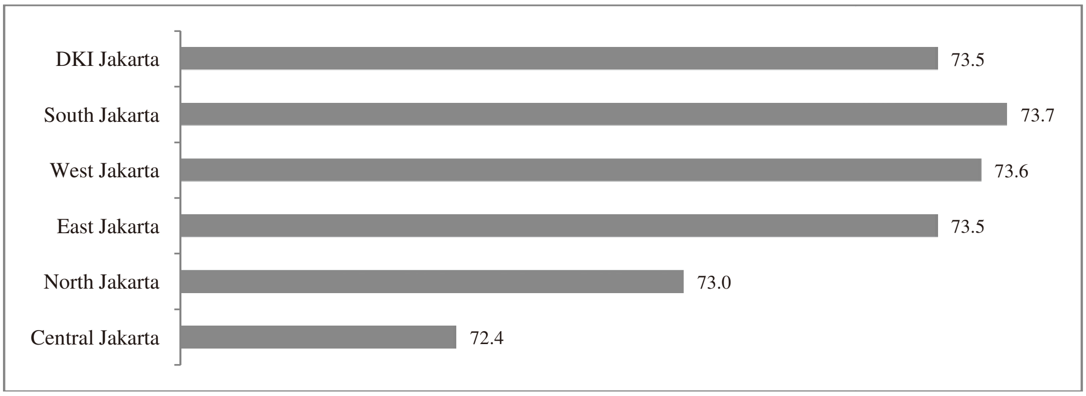
Chart 2-1: Human Development Index, DKI Jakarta 2002 - 2011



Source: BPS, Depkes

According to the 2007 National Basic Health Survey, the prevalence of regular smoking in Jakarta was 24.0% with a majority of smokers in the 15-19 years age group. In addition, approximately 93.6% of Jakarta's population had low consumption rates of fruits and vegetables, and 48.2% participated in limited physical activities. Ageing population and the changing lifestyle trends as mentioned above have resulted in increased demand for healthcare services in DKI Jakarta.

Chart 2-2: Life Expectancy Rate in DKI Jakarta (years), 2011



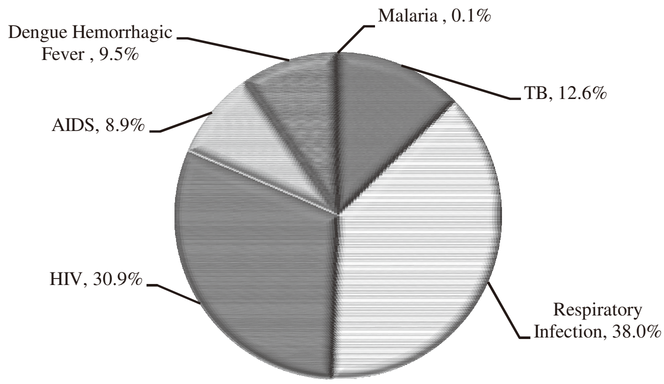
Source: BPS, Depkes

The increasing life expectancy is likely to lead to an increase in requirements for chronic care and support as well as an increase in the per capita healthcare expenditure. The Government, private healthcare providers, and NGOs are developing more personalized / customized healthcare services for elderly population. These factors are expected to drive the demand for specialists and allied healthcare professionals (nurses, midwives, and medical technicians).

b) Prevailing Communicable and Non-communicable Diseases Incidence

According to the 2010 National Basic Health Survey, only 66.0% of the residential areas are categorized as healthy. The country as well as Jakarta is witnessing an increase in infectious and degenerative diseases as well as preventable diseases caused largely by lifestyle choices. This should fall to individuals as well as the various local Governments to create awareness on these trends and create initiatives towards preventive action. In 2012, the incidence rate of Respiratory Infection was the highest amongst all communicable diseases and the second-highest among all diseases in Indonesia.

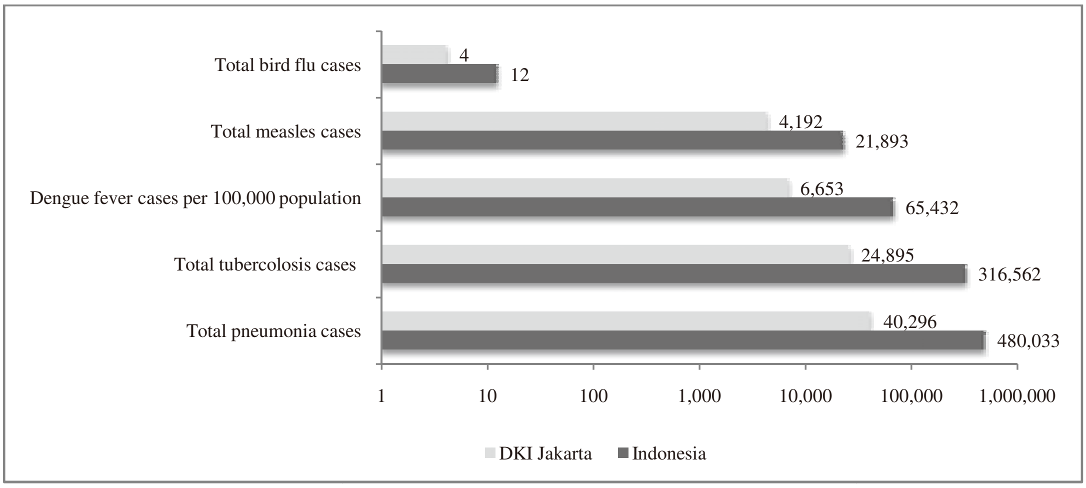
Chart 2-3: Incidence of Communicable Disease, DKI Jakarta, 2012



Source: Depkes

The common causes of mortality in Jakarta are stroke, followed by hypertension, diabetes, and cancer. Treatment for Non-Communicable Diseases (NCDs) require a higher level of in-patient, secondary and tertiary care; sophisticated medical and laboratory facilities and well-trained healthcare professionals, leading to overall higher costs in treatments.

Chart 2-4: Incidence of selected health conditions in DKI Jakarta, 2011



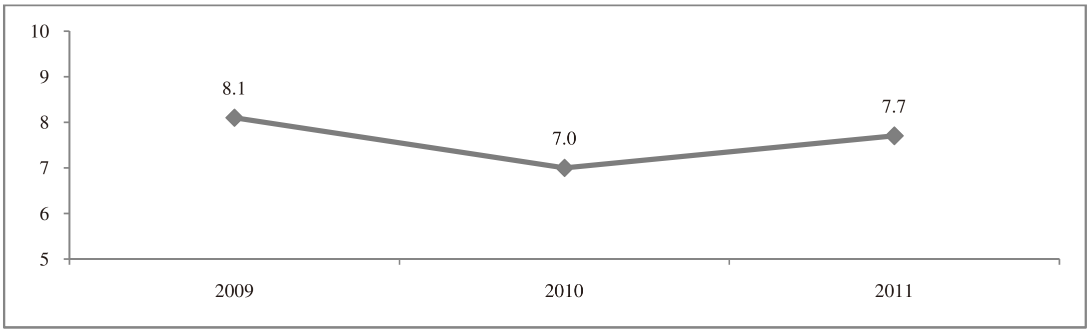
Source: MOH, Frost & Sullivan

The MOH reports that deaths caused by NCDs grew rapidly from 41.5% in 1995 to nearly 60.0% in 2007. Indonesians suffering from diabetes have doubled from about 8.4 million in 2000 to 21.3 million in 2010. The International Diabetes Federation reported that out of 7 million people detected with diabetes, only about one fourth were diagnosed and treated. There must be an increase in service catering to this group of patients moving forward.

c) High Maternal and Infant Mortality Rate

In Indonesia, number of infant mortality rate has decreased from 35 per 1,000 births in 2007 to 34 per 1,000 births in 2010. However, this figure is still significantly higher than the national target of 24 per 1,000 births. The mortality cases in DKI Jakarta are higher in females when compared with males. Kebayoran Lama and Tebet are the areas with highest infant mortality. With Posyandu initiatives in place, this Government initiative may improve this statistic. This initiative focuses on pre and post natal maternal healthcare and for children under the age of five years. This also points to the need for more affordable maternity healthcare services in this region to support the areas with the highest infant mortality. The Government will need to collaborate with healthcare providers to try to reduce even further the IMR in DKI Jakarta. Healthcare expenditure will eventually increase to give way to better equipment and facilities that are specific for child birth.

Chart 2-5: Infant Mortality Rate per 1,000 births, DKI Jakarta 2009 - 2011



Source: Depkes

d) Universal Health Coverage and Government Support

The demand for healthcare has grown rapidly since the Government started providing insurance for the low income population. The new Jakarta administration has introduced the Jakarta Health Card program (JHC, or Kartu Jakarta Sehat). Approximately IDR 700 billion (USD72.9 million) has been allocated for this program in 2012.

The JHC has three distinct advantages over Jamkesda: superior financial management, a better record system that will be computerized and include instant access to a patient's medical history and bureaucratic simplicity. Patients only need to present their identity card to receive free healthcare, making the healthcare service the patient needs completely affordable and more seamless in regards to medical history.

The combination of rising per capita incomes, demographic changes, and Government policies are driving the demand for healthcare services in Jakarta. . Public hospitals all over Indonesia, including those in Jakarta, are estimated to have a bed occupancy rate (BOR) of more than 80% servicing Jamkesmas patients. MOH claims that 20% to 30% of the overall healthcare expenditure goes to private hospitals to meet the over-capacity of the public hospitals.

e) Increasing Upper Middle Class Population

Income group analysis by World Bank in 2008 revealed that 20% of the wealthiest Indonesians spent about four times more on healthcare expenses compared to the poorest 20%, and twice the average. While the richest spent 71.7% of their healthcare from out-of-pocket expenses at private hospitals, the figure for the poorest is at 31.0%.

The demand for quality healthcare is likely to increase with the increasing middle to high income population in Jakarta. This in turn is expected to boost the growth of the healthcare services market in Jakarta. It will also be one of the underlying motivational factors for public hospitals to prepare themselves for JCI accreditation, therefore being better equipped to compete with the private hospital players who are already striving to achieve this accreditation.

2.2.2 Restraints of the Healthcare Services Market in DKI Jakarta

Table 2-3: Restraints of Healthcare Services Market in DKI Jakarta, 2012

	Restraints
a	Restrictive Regulations Governing Healthcare Services
b	Limited Supply of Healthcare Workforce
c	Unequal Distribution of Healthcare Facilities and Professionals
d	Limited Number of Private Health Insurance Policy Holders
e	Poor Public Transport Infrastructure in South Jakarta

Source: Frost & Sullivan

a) Restrictive Regulations Governing Healthcare Services

Indonesian Law requires hospitals, both private and public, to fulfil social functions like: (a) allocating10% of their bed capacity to third class beds, (b) not imposing advance payments in emergency cases, and (c) playing an active role in responding to natural disasters, extraordinary events / outbreaks of disease. Hospitals may be heavily fined for cases of death or permanent disability due to their refusal to admit such patients. The proposed new ruling under the New Hospital Law is likely to further liberalize the public-private partnerships and foreign private investments into the healthcare sector, especially increasing the cap on foreign ownership in Indonesian hospitals to 65% to 67% throughout the country, which was previously allowed only in Surabaya and Medan.

Foreign doctors are not allowed to practice in Indonesia despite the country’s poor doctor to patient ratio. These foreign doctors, however, are allowed to supervise and perform procedures in the course of educating Indonesian doctors. Indonesia-born doctors practicing abroad may practice in Indonesia after going through a 6 months adjustment program. Despite the commencement of ASEAN-China Free Trade Area (CAFTA), which may provide further liberalization to allow foreign doctors’ entry into the country, the Indonesian Government is planning to impose precautionary measures, such as Indonesian language proficiency requirements and prohibition for private practice for foreign doctors. We believe that once these rules in place become more liberalized to allow foreign doctors to practice in Indonesia, or Indonesia-born doctors are allowed to return with less stringent rules, the doctor to patient ratio in Indonesia will greatly improve.

b) Limited Supply of Healthcare Workforce

Approximately 60.0% of specialists in Indonesia are located in DKI Jakarta. At present, there are 69 medical schools producing about 5,500 new doctors annually. However, only about 70.0% of these new graduates pass the national competency test at the first attempt, limiting the supply of doctors into the system. The growth stage from a medical graduate to a specialist takes between four years to five years, which further aggravates the supply situation of medical professionals.

In addition to the low number of doctors and nurses, the higher salary levels and monetary incentives also seek to attract these healthcare professionals, especially nurses as the trend is for nurses to migrate to Singapore, Japan, and the Middle East for work.

According to the South Jakarta Health Administration, the number of GPs is sufficient, but the number of specialists is low for the existing demand. Though Cilandak and Kebayoran Lama have a larger number of specialists, South Jakarta on the whole requires a higher number of specialists, to avoid patients from going from one district to another for specialist consultations or treatments.

Table 2-4: Number of Health Facilities by Districts, South Jakarta, 2010

Districts	GP's	Dentists	Specialists	Midwives
Cilandak	64	19	10	25
Kebayoran Baru	59	24	7	30
SetiaBudi	56	12	9	21
Pasar Minggu	48	20	5	39
Tebet	48	23	3	18
Pesanggrahan	46	26	5	19
Kebayoran Lama	41	22	15	35
Jagakarsa	39	14	1	28
Pancoran	37	14	8	19
Mampang Prapatan	35	17	9	17
TOTAL	**473**	**191**	**72**	**251**

Source: BPS South Jakarta, Frost & Sullivan

**2011 figures not available*

c) Unequal Distribution of Healthcare Facilities and Professionals

Healthcare providers in DKI Jakarta are highly fragmented. MOH reported that only about 42.0% of all hospitals in DKI Jakarta have met the national standards and earned national accreditation. The following table shows that most hospitals are located in South Jakarta and Central Jakarta.

Table 2-5: Healthcare Infrastructure by cities in DKI Jakarta, 2011

Facilities	South Jakarta	East Jakarta	Central Jakarta	West Jakarta	North Jakarta	DKI Jakarta
Number of Hospital Beds	4,505	4,412	5,018	2,966	2,284	19,200
Maternity Hospitals	5	16	11	18	14	64
District Public Health Centers	10	10	8	8	6	44
Village Public Health Centers	69	78	35	67	43	296
Medical Clinics	32	181	176	220	169	779
Dental Health Centers	7	12	45	28	21	125
Laboratories	31	20	40	49	30	175
Dispensaries	401	305	284	500	34	1,811

Source: MOH, Dinkes. Frost & Sullivan

d) Limited Number of Private Health Insurance Policy Holders

The health insurance coverage caters to approximately 27.0% of the total population. Most of the healthcare related expenses are settled through out-of-pocket payments. In the past 5 years, the growth of outpatient visits is slowing down as people are opting for cheaper options like self-medication. The hospitals are expected to focus their efforts on the population insured through Jamsostek.

Table 2-6: Percentage of Health Insurance Policyholders for inpatient/outpatient treatments, DKI Jakarta, 2011

Health Insurance	South Jakarta	East Jakarta	Central Jakarta	West Jakarta	North Jakarta	DKI Jakarta
Askes	19.4%	22.6%	19.7%	9.5%	12.4%	17.2%
Jamsostek	29.4%	40.9%	24.3%	36.4%	44.8%	35.6%
Private Insurance	19.1%	12.6%	17.6%	28.3%	17.3%	18.8%
Company Insurance (reimbursement)	28.0%	14.2%	28.8%	20.4%	18.5%	21.3%
Gakin/Poor Insurance	2.3%	8.3%	9.1%	3.3%	6.0%	5.5%
Health Fund	0.6%	1.1%	0.2%	1.0%	0.4%	0.7%
Other Government insurance	1.1%	0.3%	0.3%	1.0%	0.8%	0.7%

Source: BPS, PPSDMK, MOH

e) Poor Public Transport Infrastructure in South Jakarta

Traffic congestion is a chronic problem faced in Jakarta, and the situation could further deteriorate if there is no improvement in the existing transportation system. Public transportation infrastructure in South Jakarta remains poor compared to other cities in DKI Jakarta. In 2004, TransJakarta, the mass transportation system began to operate in Jakarta. People are increasingly switching from public to private transportation and this has further increased the traffic congestion in South Jakarta.

The traffic congestion in South Jakarta indirectly impacts the healthcare industry, as it limits the catchment area for hospitals. In general, people prefer to be hospitalized in a hospital near their residence. However, the traffic conditions do not have a big impact on the outpatients, as people tend to visit their family physician, irrespective of transportation restraints.

2.2.3 Challenges of the Healthcare Services Market in DKI Jakarta

Table 2-7: Challenges of Healthcare Services Market in DKI Jakarta, 2012

	Challenges
a	Negative Perceptions on Domestic Healthcare Quality
b	Large Number of Private Healthcare Providers
c	Poor Environment Conditions

Source: Frost & Sullivan

a) Negative Perceptions on Domestic Healthcare Quality

Despite the fact that Indonesia has more than 2,000 hospitals, many wealthy Indonesians choose to visit overseas destinations such as Singapore, Malaysia, United States, Australia, and Germany for their medical treatments. Many upper-class Indonesians perceive the country`s medical services as below par. According to the MOH, as of 2012, only around 55% of the total hospitals in Indonesia were nationally accredited and only 5 hospitals were internationally accredited.

b) Large Number of Private Healthcare Providers

As of 2012, there were 1,270 private hospitals in Indonesia largely targeting the middle income to upper income patients. The hospitals compete for doctors and also seek to strengthen their patient referral systems and processes to improve their revenues and profitability. Many hospitals are also investing in advanced medical equipment and also offer newer, sophisticated treatments.

Hospitals and healthcare service providers are also identifying niches (in terms of specialties) so as to differentiate themselves from the other market participants in the industry.

c) Poor Environment Conditions

DKI Jakarta has one of the highest air and water pollution levels in Indonesia. Vehicular traffic, especially the high number of motorcycles in DKI Jakarta, is the prime contributor to the air pollution. DKI Jakarta also suffers from improper lifestyle habits like smoking and littering in public. Regulations to prohibit smoking and littering in public areas are in place but compliance to these regulations are very limited.

2.2.4 Entry Barriers for New Entrants in DKI Jakarta

Table 2-8: Barriers to Enter the Healthcare Services Market in DKI Jakarta, 2012

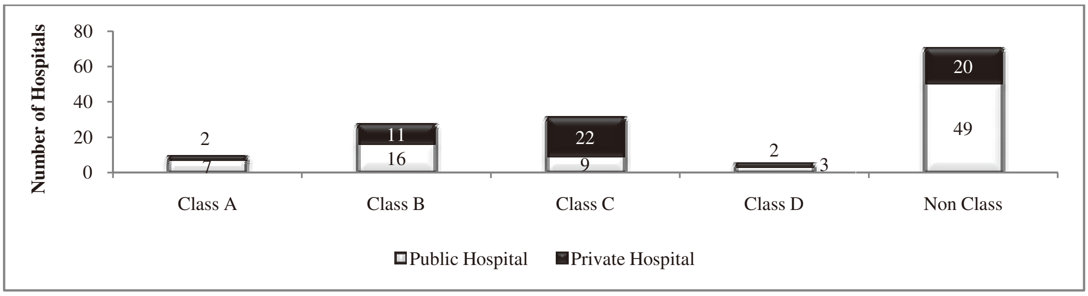
	Barriers to Entry
a	High Level of Competition

Source: Frost & Sullivan

a) High Level of Competition

The healthcare services industry includes hospitals, medical clinics, private physician practices, laboratories and pharmacies. There is a trend within hospitals to specialize in specific areas like orthopaedics, cancer, cardiac care, and others.

Chart 2-6: Number of Hospital by Class, DKI Jakarta 2011



Source: MOH

Class A:Highly specialized referral centres, with a minimum of 400 hospital beds
Class B: Specialized referral centres with up to 18 specialty and sub-specialty departments, with a minimum of 200 hospital beds.
Class C: General Hospitals designed to provide 4 basic specialist services in internal medicine, obstetrics and gynaecology, and paediatrics, with a minimum of 100 hospital beds.
Class D: Average hospitals designed to provide general services, 2 basic specialist services, with a minimum of 50 hospital beds.
Class E / Non class: Not classified yet

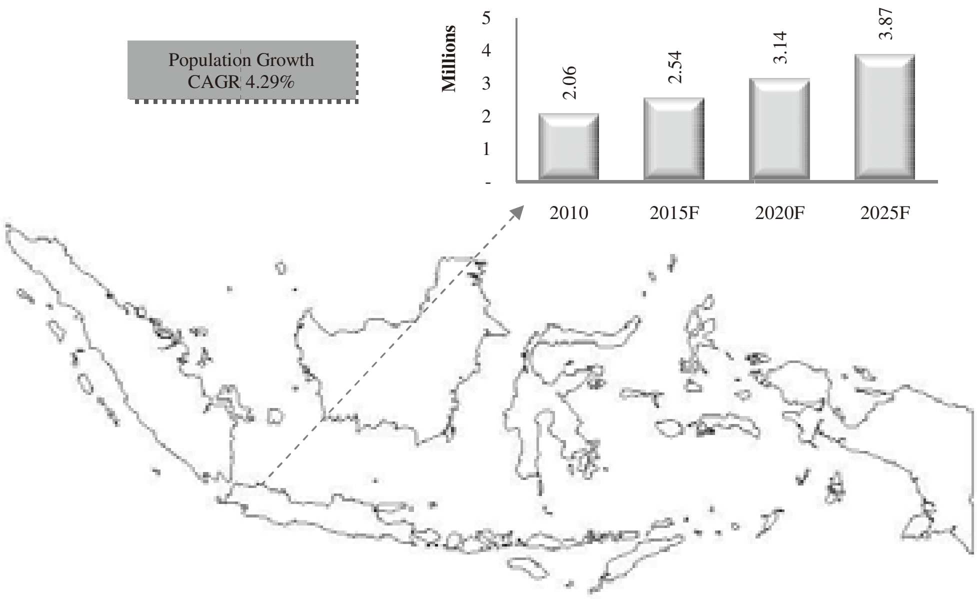
The important players in the private healthcare sector include Pondok Indah Healthcare Group, Mayapada Group, Siloam Hospitals Group (SHG) and Ramsay Group, amongst others. These major players are seeking to further expand their activities in the healthcare arena within Indonesia. With the relaxation in the foreign ownership rules, we expect to witness increased participation by the foreign owned healthcare providers in Indonesia. A high degree of competition, large capital outlays and the presence of the key players act as strong entry barriers for new entrants in this sector.

2.3 TRENDS IN HEALTHCARE SERVICES IN SOUTH JAKARTA

2.3.1 Demographics

Being the country's capital and a densely populated region, DKI Jakarta is set for a modest population growth from 2015 to 2025. As per Chart 2-7, the population in South Jakarta is expected to grow at a CAGR of 4.29% from 2.06 million in 2010 to 3.87 million in 2025.

Chart 2-7: Population growth in South Jakarta (in millions), 2010, 2015, 2020 and 2025



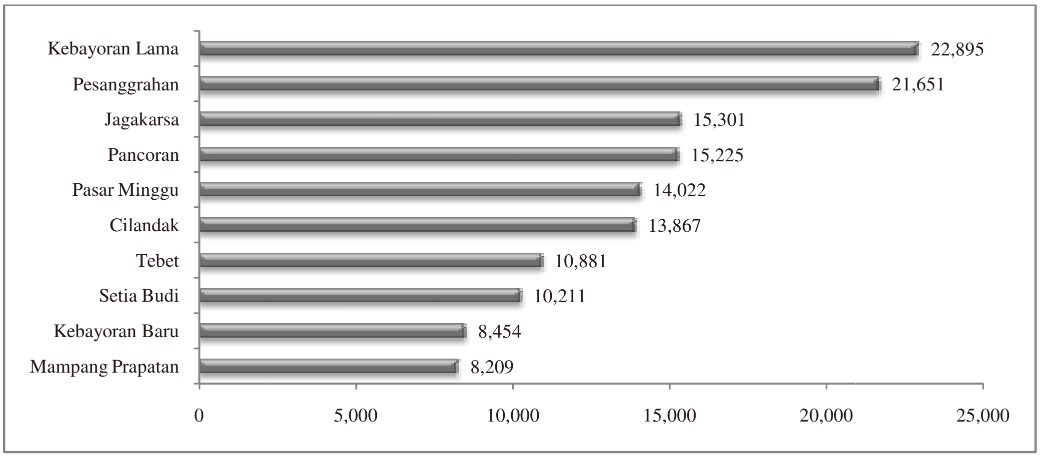
Source: Bappenas, Frost & Sullivan

Table 2-9: Population in South Jakarta by Districts, 2009 – 2011

District	2009	2010	2011
Kebayoran Lama	269,915	293,646	391,456
Jagakarsa	240,129	310,220	389,144
Pasar Minggu	259,130	287,731	311,018
Pesanggrahan	201,132	211,761	282,519
Cilandak	182,224	189,406	257,518
Pancoran	119,736	147,972	134,358
Kebayoran Baru	158,395	141,714	111,780
Tebet	221,945	209,041	100,473
Setia Budi	100,795	128,882	92,414
Mampang Prapatan	141,488	141,859	64,891
South Jakarta	**1,894,889**	**2,062,232**	**2,135,571**

Source: BPS, Civil Registration and Administration of DKI Jakarta

Chart 2-8: Population Density in South Jakarta (per km square), 2011



Source: BPS, Civil Registration and Administration of DKI Jakarta

2.3.2 Socio-Economic Profile

The following table outlines the economic contributors to South Jakarta's growth using the number of companies as an indicator. The services sector has been growing steadily and together with mining and quarrying companies provides the main contribution to the economic growth of South Jakarta.

Table 2-10: Number of Companies by Sector, South Jakarta

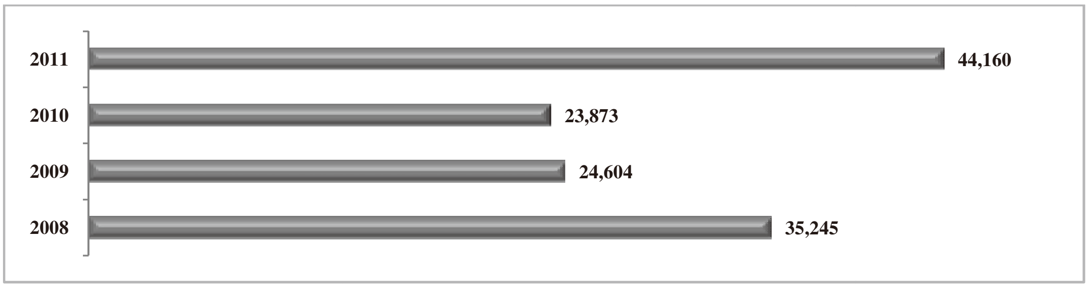
Main Sector	Sub Sectors	2010	Percentage	2011	Percentage
Agriculture	Agriculture and Fisheries	118	2%	102	2%
Industries	Mining and Quarrying	451	9%	492	9%
Industries	Processing/Manufacturing Industry	139	3%	127	2%
Industries	Electricity, Gas and Water	4	0%	9	0%
Industries	Construction	395	8%	404	7%
Services	Hotel and Restaurant	1,822	36%	1,895	35%
Services	Transportation and Communication	333	7%	351	7%
Services	Finance, Leasing &Company Services	1,505	30%	1,700	31%
Other Services	Other Services	249	5%	320	6%
Total		**5,016**	**100%**	**5,400**	**100%**

Source: DKI Jakarta BPS, Frost & Sullivan

2.3.3 Healthcare Expenditure

Indonesia's per capita healthcare expenditure increased from IDR 35,245 per month in 2008 to IDR 44,160 per month in 2011. Since 2008, DKI Jakarta's healthcare expenditure has been below 6.0% of the total per capita household expenditure.

Chart 2-9: Healthcare Expenditure in DKI Jakarta, 2008 – 2011 (IDR per month)



Source: BPS, Susenas 2008-2011

2.3.4 Healthcare Facilities

South Jakarta has the highest number of hospitals in comparison to the other cities in DKI Jakarta.

Table 2-11: Healthcare Infrastructure in DKI Jakarta, 2011

	Public	Private	Total
South Jakarta	5	35	40
East Jakarta	10	25	35
Central Jakarta	6	24	30
West Jakarta	5	15	20
North Jakarta	2	14	16

Source: Depkes, BPS, Frost & Sullivan

2.3.5 Trends in Technology Movements

The adoption of Hospital Information System (HIS) in Indonesia (as well as in DKI Jakarta) is still in an early stage, especially in public hospitals due to resource constraints. However, Class A hospitals have gradually began to adopt HIS as these hospitals were designed as teaching hospitals and perceived as role models for other public hospitals. An example of a Class A hospital in DKI Jakarta that is using HIS is Cipto Mangunkusumo Hospital (RSCM).

For private hospitals in DKI Jakarta, developing an integrated HIS is essential and crucial to their business success especially in marketing and patient recruitment efforts. Class B private hospitals are eager to implement HIS and typically adopt systems from overseas hospitals (USA, Europe, and Singapore).

Most of the Class A public hospitals and private hospitals in DKI Jakarta have installed advanced medical equipment to attract the middle to high income patients. SHTS, Pondok Indah Hospital, and Ramsay Hospital are some examples of hospitals using advanced healthcare equipment for patient care.

2.3.6 Key Alliances

Nuclear Emergency Medical Countermeasures

Fatmawati Hospital and PTKMR-BATAN (National Atomic Agency) are working closely to deliver medical and paramedical personnel in the case of radiation accident. The medical emergency preparation system's aim is to control the situation, review initial accident reviews, and to come up with a preventive action to reduce the impact in and around the accident location. The alliance is expected to provide first aid for radiation victims as well as damage prevention for nature and environment.

National Healthcare Group (NHG)

The National Healthcare Group, known for its management of several hospitals and clinics in Singapore, has collaborated with Mayapada Hospital. The alliance aims to bring the best technology and to provide international standard services in Jakarta.

2.3.7 Outlook

MOH has identified the crucial need to upgrade the overall healthcare system in Indonesia. However, this requires detailed planning to design the right financing and service levels that could ultimately support South Jakarta's healthcare coverage on a long term basis. More private providers are expected to participate in South Jakarta's healthcare delivery system once these parameters have been laid out by the MOH.

Utilization of the private healthcare services by the low income earners is on an upward trend. Jakarta Health Cardis expected to be fully implemented by 2014. This enables the low-income citizens to receive free treatment at all Jakarta hospitals. MOH is likely to continue to push private hospitals to expand their third class bed capacity, which can be used by the low income group.

With the ever-rising middle class population and a positive growth of private insurance, access to proper healthcare is improving. Private hospitals in Jakarta no longer view the treatment of ailments as their core offering. Providing the best patient care with high quality services during the treatment cycle is their current focus.

On the supply side, healthcare providers are continuously pursuing quality of care and equipping their facilities with advanced healthcare technology and equipment. Some hospital providers are also banking on the wellness services and alternative therapies services demanded by the health conscious consumers. Given the increasing number of hospitals that plan to commence operations in the near future, it is exepected that the existing bed shortage will be reduced significantly by 2015.

2.4 OVERVIEW OF SILOAM HOSPITALS TB SIMATUPANG

2.4.1 Background

Siloam Hospitals TB Simatupang (SHTS), located in the city of South Jakarta in DKI Jakarta, is an international-standard hospital with Centres of Excellence (COE) for Cardiology, Oncology, Gastroenterology, and Neuroscience. The hospital is located in a 16-storey building with a maximum capacity of 271 beds. SHTS is expected to commence operations on 15 April 2013.

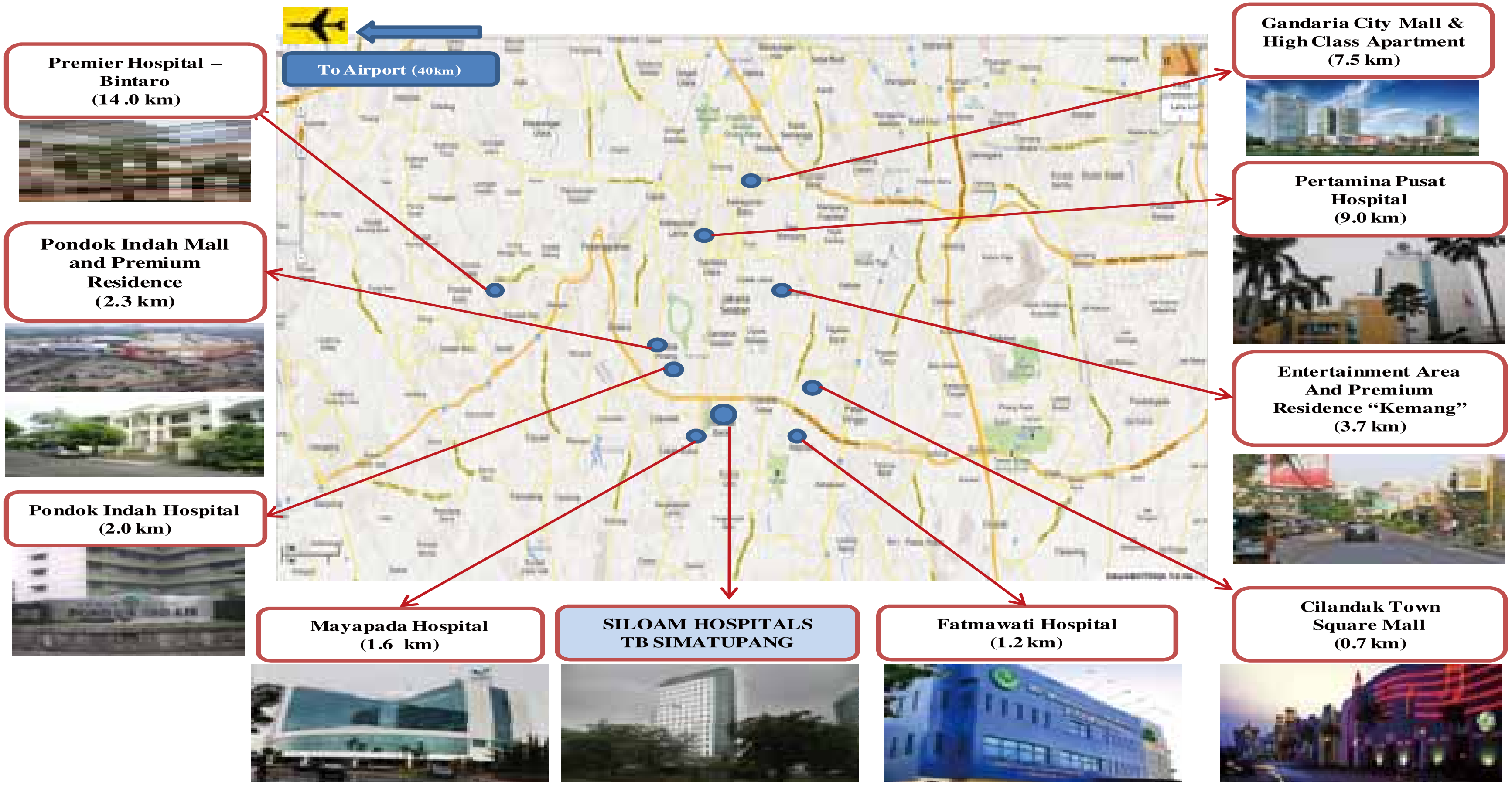
SHTS is expected to commence operations with about 100 beds in phase 1 and it is expected to reach maximum operational capacity of 271 beds in 3-4 years' time. SHTS has 41 outpatient departments, 4 ICU/PICU units, 2 Neonatal ICU units, 3 operating theatres, and 4 isolation wards and houses state-of-the-art equipment, including 3.0T MRI, 256 slice CT Scanner, Cathlab, IBA Cyclotron, Linear Accelerator for Radiotherapy, Fluoroscopy, Mammography, and digital x-ray machines. The 24-hour trauma centre is equipped with 2 ambulances and a helicopter for medical evacuation.

SHTS is situated in a neighbourhood of Jalan TB Simatupang. The notable hospitals nearby are Mayapada Hospital (1.6 km from SHTS), Pondok Indah Hospital (2.0 km from SHTS) and Fatmawati Hospital (1.2 km from SHTS). SHTS is located strategically in close to the mid-up residential areas such as Pondok Indah and Cinere. The Soekarno-Hatta International Airport is about 40 km away from SHTS.

Figure 2-1: SHTS- Front View

Source: SHTS

Figure 2-2: SHTS Location Map & Distance to Key Landmarks



Source: Frost & Sullivan

2.4.2 *Key Focus Area of Diseases*

SHTS would create COEs for cancer, cardiology, neuroscience, and gastroenterology.

Cancer COE: The cancer centre provides detection, diagnosis, and treatment of the most prevalent cancers in Indonesia including: cervical cancer, breast cancer, colorectal cancer, nasopharyngeal cancer, lung cancer, paediatric cancers, leukaemia, liver cancer, prostate cancer, renal cancer, and skin cancer.

Cardiac COE: SHTS provides specialized cardiac care for patients with heart disorders, heart disease, and cardiovascular disease. The cardiac specialist teams use advanced diagnostic imaging, interventional cardiology (cardiac catheters), and haemodynamic monitoring to investigate, diagnose and treat heart disease.

Neuroscience COE: Microsurgery is a key specialty of the neuroscience COE. This surgery is conducted under high magnification with miniaturized instruments on microscopic vessels. The neurosciences centre uses the latest in medical equipment and works in collaboration with international universities and hospitals. The centre is also reputed for effective acute and chronic pain management.

Gastroenterology COE: Indonesia has the third highest prevalence of Hepatocellular (HCC) liver cancer in the world. 30 million Indonesians are living with Hepatitis B and Hepatitis C, and 15 million of this group will develop Chronic Liver Disease (CLD). 10% of Indonesians with CLD are likely to develop liver cancer. Opened in 2011, the Liver GI Centre works with Indonesia’s top Internist Gastro-Hepatologists as a cohesive team, providing diagnosis and treatment of the country’s most common liver and GI diseases. The Centre’s diagnostic facilities include: Endoscopy, ERCP (combined endoscopy and fluoroscopy), and Imaging.

2.4.3 Service Profile

Table 2-12: Key Services or Specialties at SHTS

Category	Services
Heart Center	Cardiology, Cardiothoracic Anesthesia, Cardiothoracic Surgery, Paediatric Cardiology, Cardiac Slenting
Cancer Center	Chemotherapy, Palliative Medicine, Surgical Oncology, Branchytherapy, Linac, Nuclear Medicine, Radiation Oncology, Radiotherapy with Rapid ARC – CT Simulator
Neuroscience	Neuro Rehabilitation, Neurology, Neurosurgery, Paediatric Neurology, Spinal Surgery
Internal Medicine	Acupuncture, Andrology, General Medicine, Genetic Medicine, Haemodialysis, Metabolic Disorders, Nephrology, Pulmomology, Satellite Chemotherapy,
Urology	ESWL, Green Light Laser Therapy, Prostate Clinic, Urology Surgery
Orthopaedics	Bone Mass Densitometry, Computer Assisted Surgery (Hip, Hinge, Knee, Shoulder replacement), Sports Medicine
Women's Health	Obstetrics, Gynaecology, Onco-gynaecology
Paediatrics	Child Development, General Paediatrics, Immunization / Vaccination
Ophthalmology	Cataract surgery, Diabetic Eye Disease Management, Geriatric Eye Disease Management, Glaucoma Management, General Eye Diseases, Children's Eye Disorders
Dentistry	General Dentistry, Endodontist, Orthodontist, Paedodontist, Periodontist, Prostodontist
Intensive care	ICU, Mobile ICU, NICU
Rehab Medicine	Physiotherapy, Occupational Therapy, Speech Therapy
Imaging & Radiology	MRI Scan, CT Scan, Mammography, Fluoroscopy, Conventional X-ray, PET CT, SPECT
Laboratory & Clinical Pathology	Blood bank, Clinical Histopathology, Clinical Microbiology, Biochemistry, Haemotology, Immunology, Urinalysis
Preventive Medicine	Basic & Executive Health Screening

Source: Frost & Sullivan

2.4.4 SHTS Operations

Workforce

As of March 2013, SHTS has 63 doctors, 178 nurses and assistants, 81 allied health staff and 100 non-medical staff. Various specialists include Adult and Paediatric Cardiologists, Obstetrician & Gynaecologists, Neurosurgeons, Dentists, Radiologists, Gastro-Internists, Anaesthesiologists, and Orthopaedic Surgeons; SHTS plans to increase this head count progressively.

Furthermore, SHTS has also established attractive partnership and revenue sharing models for its doctors through its Siloam Doctor Partnership Development Program. SHTS recruits medical doctors under three different schemes of full-time, part-time, and visiting basis.

As of March 2013, SHTS has assigned at least one senior specialist per specialty for most specialties. To ensure effective monitoring and to promote enhancement of medical capabilities, SHTS has assigned full time resident medical doctors, who are usually fresh medical graduates and part-time specialists (senior consultants). The full-time doctors have undergone a clinical training program at the Siloam Hospitals Lippo Village headquarter to become familiarized with the standard hospital operation protocols within the hospital group.

Under the Department of Health ruling, the Government permits licensed doctors in Indonesia to practice at up to a maximum of three different hospitals, provided part-time employment status is attained at each hospital. SHTS follows strictly to the regulatory requirements to recruit experienced doctors on a part-time basis; however the emphasis is on recruiting more exclusive / full-time doctors.

SHTS has staffed an experienced nursing team and a broad spectrum of allied health personnel including radiographers, speech therapists, physiotherapists, and biomedical engineers in the hospital. The hospital group has collaboration with nursing schools in DKI Jakarta by conducting regular career seminars at the college campus for on-site recruitment, which may enhance the employment of nursing staffs at SHTS.

Technology

SHTS is currently equipped with advanced diagnostic technologies including 3.0T MRI, 256 slice CT Scanner, Cathlab, IBA Cyclotron, Linear Accelerator for Radiotherapy, Fluoroscopy, Mammography, and digital x-ray machines.

From the operational perspective, SHTS plans to install Hospital Information System (HIS) and Electronic Resource Planning (ERP) systems for its patient record and clinical data maintenance. Furthermore, SHTS will be equipped with video conferencing capabilities and telemedicine hub supported with 10MB LAN/Wi-Fi, linking the hospital with other SHG hospitals.

2.4.5 Demand Side Analysis

Primary Catchment Area: Areas within 15 km radius of SHTS

The main catchment area within the 15 km radius of SHTS includes the entire Cilandak district. In 2011, with an approximate population of 258,000 residents, Cilandak district represents about 12.0% of South Jakarta's total population. Within Cilandak, several key target catchment districts are likely to become important markets for SHTS. Table 2-13 profiles the key target customers and the healthcare services preferred in each catchment sub-district.

Table 2-13: Patient Profile in the Primary Catchment Area within 15 km radius of SHTS

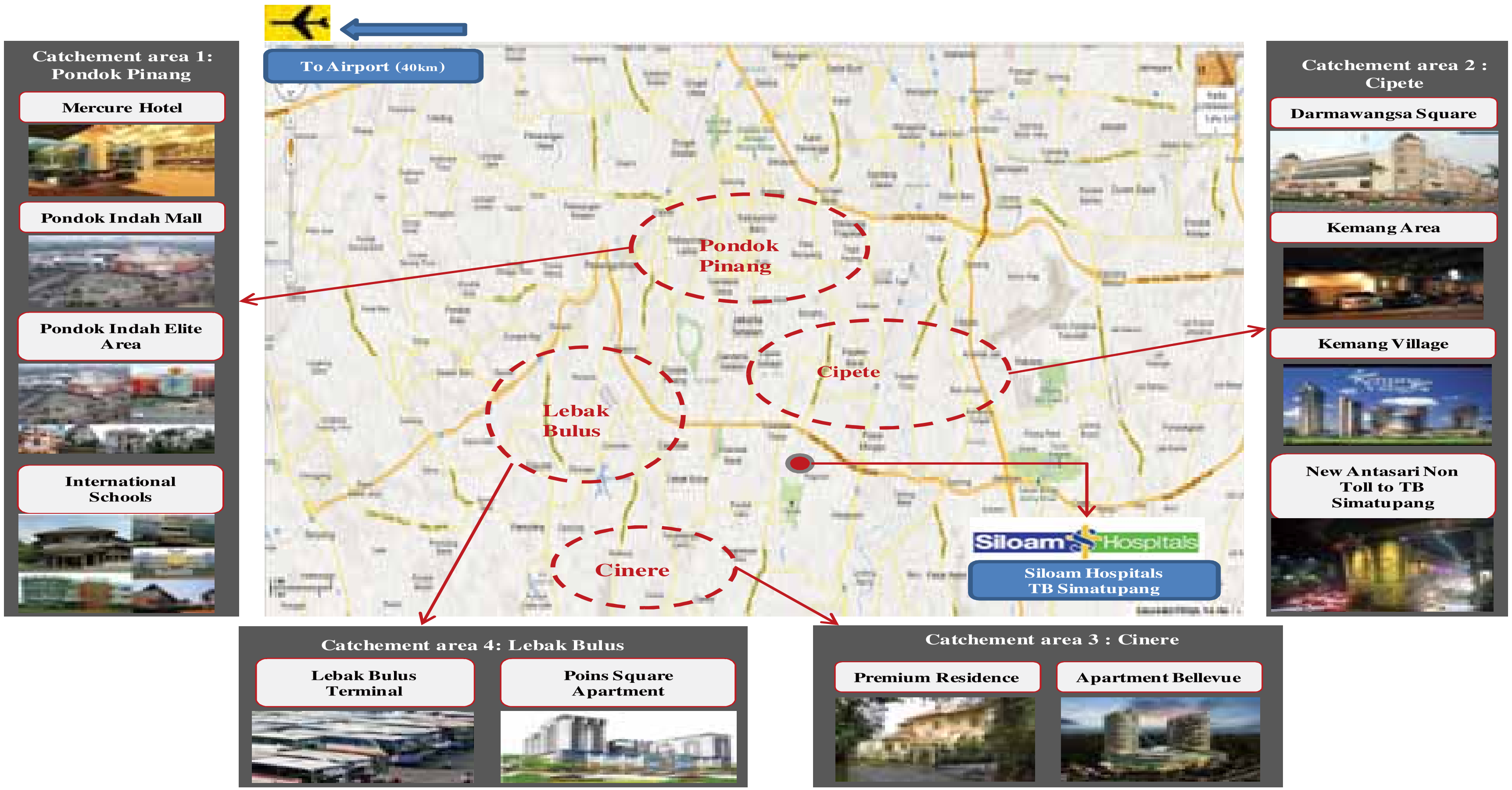
Catchment Districts	Population (2011)	Distance to SHTS	Target Patients	Key Services Required
Lebak Bulus	38,643	Within Neighbourhood	• Mainly local and expat residents • Affluent residents around Lebak Bulus • Corporate workers specializing in Mining and Oil & Gas Company	• Cardiology • Nephrology • Maternal and Preventive • Laboratory & clinical pathology
Pondok Pinang	60,822	3 - 4 km	• Mainly local and expat residents • Affluent residents around Pondok Indah	• Maternal and preventive • Neurology • Dentistry • Gastrointestinal
Cipete	68,350	3 - 5 km	• Mainly local and expat residents • Corporate workers in the entertainment business	• Cardiology • Dentistry • Nephrology • Gastrointestinal
Cinere	23,582	7 - 10 km	• Middle to affluent income class local population from Depok area	• Cardiology • Dentistry • Nephrology

Source: South Jakarta Department of Statistics, Frost & Sullivan

There are currently about 10 private hospitals operating within the catchment area. However, majority of these hospitals are relatively small scale with average capacity of 50 to 70 beds. Mayapada Hospital, Pondok Indah Hospital, and Fatmawati Hospital are likely to be the closest competitors in terms of scale of operations and service offerings. Mayapada Hospital's first facility operates at a capacity of 250 beds, Pondok Indah with 220 beds while Fatmawati Hospital has a maximum bed capacity of 750. However, Fatmawati Hospital and Pondok Indah Hospital are overburdened with high number of outpatients. Fatmawati Hospital, for instance, has only seven nephrologists to serve hundreds of patients every day.

The development of Cinere's residential area in 2013 is likely to stimulate the growth of upper middle income segment and affluent segment in the catchment area with better job opportunities and living standards. Simultaneously, the prolonged life expectancy of the South Jakarta's population and growing urbanization is likely to trigger the shift of chronic diseases, such as from cancer, to cardiovascular diseases, stroke, and diabetes incidence. Due to the change in demographic, socio-economic and epidemiological landscape, the current healthcare system will need to expand and upgrade its clinical capabilities and facilities, in order to meet the healthcare demand of the expanding middle income and affluent population.

Figure 2-3: Snapshots of Target Catchment Area within 15 km radius of SHTS



Source: Google Map, Frost & Sullivan

Secondary Catchment Area: Areas beyond 15 km radius of SHTS

According to SHTS, the hospital is planning to expand its target market area in the long term to the surrounding municipal regions. Other South Jakarta municipals regions such as Pejaten, Lenteng Agung, Gandaria, Tanjung Barat, Ciganjur, Kalibata, and Bintaro are likely to provide favourable patient source for SHTS.

The population shift towards industrialization and service industry in these urban areas is likely to continue expanding the upper middle income and affluent population and increase the influx of expatriate households, who are able to afford premium healthcare services.

Table 2-14: Patient Profile in the Catchment Area beyond 15 km radius of SHTS

Catchment Districts	Population (2011)	Distance to SHTS	Current Healthcare Infrastructure	Key Services Required
Pejaten	103,204	15 – 17 km	• Public Hospital : 1 (202 beds) • Private Hospital : 1 (72 beds)	• Middle income to affluent native population
Lenteng Agung	59,735	15 – 17 km	• Public Hospital : Nil • Private Hospital : Nil	• Middle income to affluent native population • White collar expatriates who work in Cilandak area
Gandaria	45,652	15 – 17 km	• Public Hospital : Nil • Private Hospital : 8 (mostly below 100 beds each)	• Premium residents with high income and Indo-Chinese population • White collar expatriates who live in premium apartments
Tanjung Barat	42,045	15 – 20 km	• Public Hospital : Nil • Private Hospital : Nil	• Middle income to affluent native population • All population who demand good hospital
Ciganjur	39,228	15 – 20 km	• Public Hospital : Nil • Private Hospital : Nil	• Premium residents and high level Government employee
Kalibata	19,775	17 - 20 km	• Public Hospital : Nil • Private Hospital : 2 (72 beds & 37 beds)	• New residents which occupy new residential areas • Middle income to affluent native population
Bintaro	50,607	17 – 25 km	• Public Hospital : 2 (200 beds & 6 beds) • Private Hospital : 2 (180 beds & 25 beds)	• Middle income to affluent native population

Source: South Jakarta Department of Statistics, South Jakarta Health Department, Frost & Sullivan

Within the catchment urban areas there are 3 public and over 15 private hospitals. The current healthcare delivery systems in these urban areas are mostly Class B or Class C facilities with limited service offerings and modalities. Most of the premium residents in these areas seek health treatment in Pondok Indah Hospital and Pertamina Pusat Hospital, which results in over-crowding in both these hospitals. However, majority of the general hospitals are focusing on basic specialty services of internal medicine, ophthalmology, dentistry, general surgery, and O&G, with limited expertise for neuroscience, cardiology, oncology, aesthetics and preventive medicine. The positioning of SHTS as a state-of-the-art regional private hospital is likely to address the current gaps in demand of high quality in premium healthcare services.

SHTS's Branding Strategies

SHTS is anchored by a four-pillar foundation strategy synergized from the overall SHG strategy, comprising of (a) Excellence in Emergency Services, (b) State-of-the-art equipment and technologies, (c) Utilization of healthcare IT and telemedicine and (d) Robust doctor partnership program. In order to expand its target markets, SHTS is also likely to position itself as a "value for money" state-of-the-art private general hospital that targets to serve patients from all socio-economic classes.

a) Excellence in Emergency Services

In South Jakarta, cardiovascular disease, stroke, hypertension, diabetes, cancer, and accidental injuries are the major reasons for hospital mortalities. The Emergency department in SHTS is likely to provide additional support to the acute care needs of the local population through its emergency care facilities, such as helicopter evacuation, well equipped Emergency Trauma Department with resuscitation units, and ambulance with on-board treatment capabilities. These delivery capabilities are likely to be the first-of-its-kind in South Jakarta.

b) State-of-the-art Equipments and Technologies

SHTS is currently equipped with advanced diagnostic technologies including 3.0T MRI, 256-slice dual source CT Scanner, Cathlab, IBA Cyclotron and the latest Linear Accelerator for Radiotherapy. To ensure optimal service quality, SHTS will implement its clinical operation based on the JCI accreditation protocols currently used at the Siloam Hospitals Lippo Village Headquarters at Jakarta. The hospital manager at SHTS is also required to provide monthly medical performance updates to the SHG Chief of Clinical Improvement based in the Jakarta headquarters and has established standard protocols to handle adverse medical events.

The state-of-the-art equipments, conducive environment, well-structured medical practice protocols, and reputable brand name of Siloam are likely to be the key factors of attraction for the patients and practicing doctors, particularly where such offerings are currently lacking in the hospital market within the region.

Figure 2-4: SHTS infrastructure and state-of-the-art equipments

SHTS Building Exterior Look

SHTS Building Lobby

SHTS Building Interiors and Walkway

SHTS Wards


SHTS Wards


SHTS Wards


SHTS Operation Theatre, Pre/Post Operation Ward

SHTS Cath Lab and Conventional X-Ray

SHTS CT Scanner, Fluoroscopy

SHTS Ambulance

SHTS Pharmacy

SHTS Waiting Area, Medical Check Up

Source: Frost & Sullivan

c) Robust Doctor Partnership Program

SHG regards the medical workforce as one of the fundamental factors for success. Hence, Siloam Doctor Partnership Development Program (SDPDP), which provides attractive remuneration packages, benefits, and career development opportunities, manages all doctor engagements established at SHTS.

In order to qualify for the SDPDP, participating doctors are required to practice for at least 30 hours at SHTS monthly. Depending on the employment nature of the doctor (full time, part time, or visiting basis), remuneration packages may include guaranteed base income, or high profit sharing arrangements. Furthermore, SHTS provides comprehensive benefits, such as lifetime health insurance coverage for the practicing doctor and their immediate family members. Participating doctors receive sponsorship for local and overseas clinical training.

Concurrently, SHTS will regularly conduct clinical symposiums and hospital visit sessions to increase the awareness of SHTS's clinical facilities and capability, thus increasing the attractiveness of SHTS as a practicing location for the local doctor community. Through more conducive practice location, advanced facilities, and more attractive remuneration schemes, SHTS anticipates that practicing doctors will thereby have a higher tendency to refer more patients from hospitals they used to practice in, to undergo treatment at SHTS. This recruitment strategy will simultaneously serve as one of the key patient attraction models for SHTS.

Table 2-15: Doctor Employment and Reimbursement Model in SHTS

	Employment Basis	Reimbursement Model
Full Time	• Under contract and exclusive employment with SHTS • Unable to practice in other hospitals • Targeting fresh medical graduates	• Minimal income model • SHTS will reimburse any shortfall from the pre-agreed minimal income
Part Time	• Able to practice in other hospitals • Targeting experienced orsenior medical specialists from the public or private sectors • Will be provided with outpatient clinic suite and able toutilize all facilities within SHTS • Will be based in SHTS for 2 to 3 hours per day	• Medical fee sharing model • SHTS will absorb about 2% to 12% of the medical fee, depending on the duration of the doctor's availability at the hospital
Visiting	• Able to practice in other hospitals • Targeting experienced or senior medical specialist from the public or private sectors • Will not be provided with outpatient clinic suite • Able to refer patients for facility usage at SHTS • Will be based in SHTS for 2 to 3 days per week	• Medical fee sharing model • SHTS will absorb about 2% to 12% of the medical fee, depending on the duration of the doctor's availability at the hospital

Source: Frost & Sullivan

d) Utilization of Healthcare IT and Telemedicine

The availability of telemedicine infrastructure within the group hospitals will enable SHG to effectively utilise the clinical expertise from the COE at Siloam Hospitals Lippo Village headquarter. According to SHTS, SHG is currently the only private hospital group in Indonesia to possess the system that allows doctors to conduct consultations, assess diagnostic scan reports, and provide clinical instructions for patient stabilisation remotely, without the need for patients to travel to the Siloam Hospitals Lippo Village headquarter in Jakarta. Through the telemedicine system, copies of all diagnostic scan reports are simultaneously transferred to SHG's radiologist expert partners in India to provide second opinion on the diagnostic results. As a result, doctors in SHTS will be able to make third party validated clinical decisions to ensure optimal patient safety and treatment outcomes.

e) Pricing Strategies

SHTS uses competitive pricing strategy as part of its marketing strategy. Based on Frost & Sullivan analysis, average inpatient ward charges are at least 25% to 30% lower than the charges at comparable private hospitals in South Jakarta. As illustrated in Table 2-16, SHTS's pricing for the second and third class wards (targeted at low income to poor population) are approximately 20% to 25% lower than the comparable private hospitals in South Jakarta, while its high end wards, such as the Presidential suite, VVIP and VIP wards are priced even lower – approximately 30% to 35% lower than the competitors.

Table 2-16: Pricing comparison of inpatient ward Charges for SHTS (IDR per overnight stay)

Ward Type	SHTS	Mayapada Hospital Lebak Bulus	Pondok Indah Hospital	Pertamina Pusat Hospital	Fatmawati Hospital
Presidential Suite	1,850,000 – 2,500,000	4,000,000	4,200,000	2,650,000	N/A
Super VIP / VVIP	1,500,000	2,000,000	2,800,000	2,150,000	1,000,000
VIP	1,150,000	1,400,000	1,450,000 – 2,200,000	1,250,000	700,000
1st Class	575,000	750,000	750,000	900,000	400,000
2nd Class	375,000	450,000	475,000	550,000	300,000
3rd Class	140,000	150,000	175,000	250,000	90,000

Source: Frost & Sullivan

By pricing the premium wards at a further discount than its competitors, SHTS stands a good opportunity to attract the middle income and affluent patient groups in South Jakarta, as the lower price coupled with better standard of care, more advanced technology and more conducive medical care environment generates good value for its patients. Simultaneously, SHTS's pricing for the second and third class wards for the low income patients are likely to be competitive to the existing private hospitals, but are able to generate greater value for money with its better facilities and standard of care. However, according to SHTS, the strategy to price their service offerings at such significant discounts is mainly to create brand awareness and penetrate the local market; and is expected to gradually mark up their prices to the market in near future.

SHTS has adopted mass marketing strategies, such as advertising discounted packages for health screening, pathology and preventive diagnostic services as a mode of relationship building with the local customers and subsequently develop its patient database for the longer term.

2.4.6 SWOT Analysis of SHTS

Frost & Sullivan has identified the following strengths, weakness, opportunities and threats for SHTS.

Table 2-17: SWOT analysis of SHTS

Strengths	**Weakness**
▪ Strong Siloam brand: The brand name is trusted and always associated with quality healthcare services ▪ Leverage on group infrastructure: SHTS has the ability to leverage on the strengths of its parent company's expertise and networks ▪ Strong financial and operational capabilities: SHG's planned expansion of 25 hospitals across Indonesia is likely to create economies of scale for subsidiary hospitals ▪ Conducive facilities: Wards, clinical facilities and hospital building are equipped with advanced diagnostic equipments ▪ Strategic location: SHTS is located in a prime location that has high demand for premium medical services and is also surrounded by other affluent residential areas ▪ Easy Access: SHTS is close to the outer ring road which makes the location easy to access and has the ability to expand to other target areas such as Bintaro, Pondok Indah, and Permata Hijau	▪ Lack of awareness: Though Siloam is a well known brand in Indonesia, the local population lacks awareness about SHTS and its range of services; however SHTS's mass marketing strategies and pricing that is lower than the competitors are expected to create more awareness among the locals. ▪ Parking problems: Limited parking space may turn into an obstacle for patients and visitors in SHTS, as most of them arrive in personal vehicles; however, SHTS has valet parking facilities that will ease the parking space constraint.
Opportunities	**Threats**
▪ Lack of VIP wards: Demand for VIP wards has resulted in long queue / waiting time in Fatmawati Hospital, Pertamina Pusat hospital and Pondok Indah Hospital ▪ Relationships: Large number of mining and oil companies in Cilandak presents a good business opportunity for SHTS, as they can create relationships with these companies, to take care of their employees' health. ▪ Real Estate Development: Continuous development of office buildings and premium residential areas in South Jakarta ▪ Internal Medicine: Increasing number of patients with hypertension and diabetes in South Jakarta is likely to increase demand for Nephrologists and Internists.	▪ Strong competitor brand image:Pertamina Pusat Hospital and Fatmawati Hospital are well known reference hospitals in South Jakarta ▪ Loyal patient base: Elderly patients from middle income and affluent segments in South Jakarta (especially PT Pertamina pensioners) have high loyalty to Pertamina Pusat Hospital ▪ Relationships: Pondok Indah Hospital and Pertamina Pusat Hospital have secured and maintained strong relationships with large-scale private companies to serve their managerial level patients ▪ Direct Competition: Located only 1.6 km away, the new Mayapada Hospital Lebak Bulus opens in April 2013 as SHTS, with similar service offerings ▪ JCI Accreditation: Pertamina Pusat Hospital, Pondok Indah Hospital and Fatmawati Hospital are targeting to attain JCI accreditation by 2013/2014, which is likely to create additional competition

Source: Frost & Sullivan

2.4.7 Competitive Landscape of SHTS

Frost & Sullivan has identified the following hospitals as comparables / competitors to SHTS:

- Mayapada Hospital
- Pertamina Pusat Hospital (RSPP)
- Pondok Indah Hospital
- Fatmawati Hospital

Fatmawati Hospital is a public hospital serving all classes of the population, while the other hospital listed above are private groups targeting the middle to high income patients.

Mayapada Hospital – Tangerang and Lebak Bulus

The Mayapada Group is an Indonesian conglomerate known in banking, retail and property industry. In 2008, Mayapada Group entered the healthcare industry with the opening of its first hospital in Tangerang. The second hospital officially opened to public in April 2013, located in Lebak Bulus. Mayapada Hospital is working with Singapore's National Healthcare Group (NHG) which is known for its management of several hospitals and clinics in Singapore. This cooperation will accelerate the development of their healthcare service centres initially in Jakarta and later in Surabaya and Bali. The 50,000 square meter new hospital has a total of 243 beds, of which 12% of the third class beds are allocated for economically disadvantaged patients.

Pertamina Pusat Hospital – Kebayoran Lama

Pertamina Pusat Hospital was established in 1972, to provide healthcare services to all Pertamina employees. The hospital is very sophisticated and was considered as a medical facility for the rich when it was built. The original idea behind this hospital is to prevent the elite and higher management personnel to go overseas for quality medical treatment.

Although it is no longer the most modern hospital in South Jakarta, Pertamina Pusat Hospital is still considered as one of the hospitals with famous professional workforce and excellent facilities. This hospital still is the option for the elite to go for major treatments such as surgery and childbirth.

Pondok Indah Hospital

Pondok Indah Hospital was built in 1986 to fill the need of a private hospital with first-class healthcare services and sophisticated medical treatments. The hospital claims to be the first paperless hospital in Indonesia. Having the best location in Pondok Indah area, Pondok Indah Hospital is serving the surrounding regency and foreigners. Since the first time it opened to public, this hospital experienced various developments and growing number of healthcare centres, state of the art medical equipment and collaboration of more than 250 specialists, sub-specialists and general practitioners.

Fatmawati Hospital

Fatmawati Hospital was officially opened for public in 1954. As a first stage, this hospital specialized in paediatric tuberculosis and rehabilitation. Currently, Fatmawati Hospital operates as a referral and education hospital for South Jakarta. In 2011, Fatmawati Hospital developed its functions to include a Thalasemia Centre. Thalasemia is a disorder of red blood cells caused by reduced or no formation of haemoglobin forming material, which results in rupture of the cells. The disease is not contagious, but is passed on from parent to child. Fatmawati Hospital is not a direct competitor for SHTS as it is a public hospital.

Table 2-18: Brief profiles of SHTS and 5 other hospital operators in South Jakarta

Hospital	SHTS	Fatmawati Hospital	Mayapada Hospital Lebak Bulus	Pondok Indah Hospital	Pertamina Pusat Hospital
Ownership	Lippo Group	Government	Mayapada Group	PT Binara Guna Mediktama	PT Pertamina
Type of Ownership	Private	Public	Private	Private	Private
Distance from SHTS	N/A	1.2 km	1.6 km	2.0 km	9.0 km
Year of establishment	2013	1954	2013	1986	1972
Awards and Accreditations	N/A	KARS 16 Services Paripurna Accreditation ISO 9001:2000	N/A	KARS 16 Services Paripurna Accreditation ISO 9001:2000	KARS 16 Services ISO 9001:2000
Target Patient Base	Middle income & Affluent population	Low to middle income population	Middle income & Affluent population	Middle income & Affluent population	Middle income & Affluent population
Number of Doctors	63	123	150	254	256
Number of Nurses	178	885	NA	547	563
Number of Beds	271 beds	750 beds	250 beds	220 beds	435 beds
Bed Occupancy Rate (%)	N/A	76%	N/A	80% - 85%	70%
Type of Wards					
Presidential Suite	√	N/A	√	√	√
VVIP	√	√	√	√	√
VIP	√	√	√	√	√
Class 1	√	√	√	√	√
Class 2	√	√	√	√	√
Class 3	√	√	√	√	√
ICU	√	√	√	√	√
ICCU	√	√	√	√	√
NICU	√	√	√	√	√
Modalities					
X-Ray	√	√	√	√	√
USG	√	√	√	√	√
EEG	X	√	√	√	√
Green Light Laser	X	√	X	√	X
CT Scanner	√	√	√	√	√
MRI	√	X	√	√	√
Endoscopy	√	√	X	√	√
Mammography	√	√	X	√	√

	SHTS	Fatmawati Hospital	Mayapada Hospital Lebak Bulus	Pondok Indah Hospital	Pertamina Pusat Hospital
Specialties			Data not available		
Cardiology	√	√		√	√
Oncology	√	√		√	√
Neuroscience	√	√		√	√
Internal Medicine	√	√		√	√
General Surgery	√	√		√	√
Nephrology	√	√		√	
Ophthalmology	√	√		√	√
ENT	√	√		√	√
Orthopaedic Surgery	√	√		√	√
Trauma	√	√		√	√
Dentistry	√	√		√	√
Urology	√	√		√	X
Thoracic & Cardiovascular Surgery	√	√		√	√
Oncology Surgery	√	√		√	√
Haematology & Medical Oncologist	√	X		√	X
Neuro Surgery	√	√		√	√
Aesthetic Medicine	X	√		√	√
Intensive Care	√	√		√	X
Preventive and Rehab	√	√		√	√
Radiology	√	√		√	√
Pathology	√	√		√	√
Paediatric Surgery	√	√		√	√
Digestive Surgery	√	√		√	X
Vascular Surgery	X	√		√	X
Pulmonary & Respiratory	√	√		√	X
Psychiatry	√	√		√	√
Orthodontics	√	√		√	√
Paediatric Dentistry	√	√		√	X
Periodontics	√	√		√	X
Prosthodontic	√	√		√	√
Oral & Maxillofacial Surgery	√	√		√	√
Urology Surgery	√	√		√	√
Plastic Surgery	√	√		√	√
Gastroenterology & Hepatology	√	√		√	X
Acupuncture	√	√		√	√
Allergy Immunology	√	X		√	
Anaesthesiology	√	√		√	√
Obstetrics & Gynaecology	√	√		√	√
Rheumatology	X	X		√	X
Andrology & Sexology	X	√		√	√
Medical Check Up	√	√		√	√

Source: Interviews with Hospitals