



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

## ANNOUNCEMENT

### PROPOSED ACQUISITION

#### 1. INTRODUCTION

Bowsprit Capital Corporation Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**", and as manager of First REIT, the "**Manager**"), is pleased to announce that First REIT, through Finura Investments Pte. Ltd. ("**Finura Investments**"), a company incorporated in Singapore and a wholly-owned subsidiary of First REIT, has on 12 March 2014 entered into a conditional sale and purchase agreement (the "**SHPW SPA**") for the acquisition of Siloam Hospitals Purwakarta ("**SHPW**" and the proposed acquisition of SHPW, the "**SHPW Acquisition**").

SHPW, which is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia, comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. SHPW is currently undergoing major refurbishment works<sup>1</sup>. The refurbishment works were substantially completed in the first quarter of 2014 and are expected to be fully completed in September 2014.

SHPW will commence operations under the "Siloam Hospitals" brand prior to the completion of the SHPW Acquisition. SHPW has a total gross floor area ("**GFA**") of about 8,254 square metres ("**sq m**"). It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces. SHPW is a Centre of Excellence for emergency, trauma and is registered to treat patients under the Health Ministry's Social Security Management Agency (*Badan Penyelenggara Jaminan Sosial/BPJS*) Program.

#### 2. THE SHPW ACQUISITION

##### 2.1 Structure of the SHPW Acquisition

The Manager is seeking to acquire SHPW for a purchase consideration of S\$31.0 million<sup>2</sup> (the "**SHPW Purchase Consideration**") from PT PEA, which is an indirect subsidiary of PT MPU.

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1 For the avoidance of doubt, PT. Metropolis Propertindo Utama ("**PT MPU**"), a limited liability company incorporated in Indonesia primarily involved in the development and ownership of investment properties and PT Purimas Elok Asri ("**PT PEA**"), a limited liability company incorporated in Indonesia, are responsible for, and will pay for all costs in relation to, the refurbishment of SHPW.

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

PT PEA is not an Interested Person<sup>3</sup> or an Interested Party<sup>4</sup> of any of the Manager, the sponsor of First REIT being PT Lippo Karawaci Tbk (the “**Sponsor**”), or the Trustee<sup>5</sup>.

For the purposes of the SHPW Acquisition, First REIT has on 12 March 2014 acquired a 100.0% interest in Finura Investments for a nominal consideration of S\$1.00. Finura Investments in turn wholly-owns Glamis Investments Pte. Ltd. (“**Glamis Investments**”), a company incorporated in Singapore. As Indonesian Agrarian Law does not allow a foreign entity or individual to own Indonesian real estate, the SHPW SPA provides that Finura Investments has the right to nominate an Indonesian company to enter into a conditional sale and purchase agreement with PT PEA on the same terms as that of the SHPW SPA (the “**New SHPW SPA**”), and upon such entry, Finura Investments and PT PEA will enter into a termination agreement (the “**Termination Agreement**”) to terminate the SHPW SPA.

For the avoidance of doubt, the Indonesian company which Finura Investments intends to nominate to enter into the New SHPW SPA will be a new Indonesian limited liability company that is currently in the process of being incorporated (the “**Indonesian Company**”), and post-incorporation, the Indonesian Company will be wholly-owned by Finura Investments and its wholly-owned subsidiary, Glamis Investments.

Under the SHPW SPA, PT PEA will receive S\$26.5 million of the SHPW Purchase Consideration in cash, with the remaining S\$4.5 million of the SHPW Purchase Consideration to be satisfied by new units in First REIT (“**Units**”, and the new Units proposed to be issued to finance the SHPW Acquisition, the “**Consideration Units**”). The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price<sup>6</sup> of the Units immediately preceding the date of completion of the SHPW Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

Upon completion of the SHPW Acquisition, First REIT will indirectly hold SHPW through the Indonesian Company under six ‘Right to Build’ (*Hak Guna Bangunan* or “**HGB**”) title certificates<sup>7</sup>, of which five HGB title certificates will expire on 14 November 2043 and one HGB title certificate will expire on 27 November 2043<sup>8</sup>.

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3 “**Interested Person**” has the meaning ascribed to it in Listing Manual of the SGX-ST (the “**Listing Manual**”).

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

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

6 “**10-Day Volume Weighted Average Price**” refers to the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 business days immediately preceding the relevant business day.

7 In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of ‘leasehold’ title and under Indonesian Agrarian Law, the highest title which can be obtained by a company incorporated or located in Indonesia is a ‘Right to Build’ or HGB title. HGB title certificates can only be obtained by an Indonesian citizen, or by a legal entity which is incorporated under Indonesian law and located in Indonesia including foreign capital investment companies. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years.

8 The “**Original HGB Title Certificates**” in relation to SHPW (five of which are expiring on 14 November 2043 and one of which is expiring on 27 November 2043) will be segregated into a total of seven HGB title certificates. Upon the completion of the SHPW Acquisition, First REIT will acquire six HGB title certificates (being SHGB No. 01666/Cibening, SHGB No. 01667/Cibening, SHGB No. 01668/Cibening, SHGB No. 01670/Cibening and the new SHGB title certificate due to the segregation of SHGB No. 01669 which will expire on 14 November 2043, and SHGB

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

## 2.2 Valuation

Although only one independent valuation is required as the SHPW Acquisition is not an Interested Party Transaction<sup>9</sup> or an Interested Person Transaction<sup>10</sup>, for good corporate governance and transparency, two independent property valuers, KJPP Willson & Rekan in association with Knight Frank (“**W&R**”) and KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (“**Rengganis**”), were appointed by the Trustee and the Manager respectively to value SHPW.

The SHPW Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHPW by W&R and Rengganis, which were commissioned by the Trustee and the Manager 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 PT MPU (as the master lessee of SHPW). This approach considers the subject property as an income producing property.

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

Property	Appraised Value		Purchase Consideration
	By W&R as at	By Rengganis as at	
	27 February 2014	21 February 2014	
	(S\$ million)	(S\$ million)	(S\$ million)
SHPW .....	37.47	37.50	31.00

The SHPW Purchase Consideration represents a discount of 17.3% to the higher of the two independent valuations for SHPW.

## 2.3 SHPW Acquisition Cost

The total cost of the SHPW Acquisition, comprising the SHPW Purchase Consideration of S\$31.0 million, the acquisition fee of S\$0.31 million (the “**SHPW Acquisition Fee**”)<sup>11</sup> payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) which may be payable in the form of cash and/or Units as the Manager may elect, as well as the professional and other fees and expenses of approximately S\$0.57 million to be incurred by First REIT in connection with the SHPW Acquisition, is estimated to be approximately S\$31.88 million (the “**SHPW Acquisition Cost**”).

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No. 01050/Cibening which will expire on 27 November 2043) to be issued in respect of SHPW by the relevant National Land Agency covering an area of 7,990 sq m (“**New SHPW HGB Title Certificates**”).

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

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

11 Being 1.0% of the SHPW Purchase Consideration.

## **2.4 Method of Financing**

S\$26.5 million of the SHPW Purchase Consideration will be paid in cash and the remaining S\$4.5 million will be satisfied by way of the Consideration Units.

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

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

Completion of the sale and purchase of SHPW 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 SHPW Acquisition and the SHPW Master Lease;
- 2.5.2** the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units as part consideration for the SHPW Acquisition;
- 2.5.3** First REIT securing sufficient financing to undertake the SHPW Acquisition and the agreements for such financing not having been terminated and being unconditional in all respects;
- 2.5.4** there being no adverse change to the financial condition of PT MPU (as the master lessee of SHPW) or its ability to make payment to the Indonesian Company under the SHPW Master Lease Agreement;
- 2.5.5** the Original HGB Title Certificates have been segregated into the New SHPW HGB Title Certificates, with proper legal and good marketable title to SHPW having been delivered to PT PEA;
- 2.5.6** the entry by the Indonesian Company and PT PEA into the New SHPW SPA; and
- 2.5.7** the entry by Finura Investments and PT PEA into the Termination Agreement.

Upon the fulfilment or waiver (as the case may be) of, among others, the conditions precedent in paragraphs 2.5.1 to 2.5.7, a deed of sale and purchase of land (covering a total area of 7,990 sq m under the Original SHGB Title Certificates) (the "**Deed of Land SPA**") shall be executed before the authorised Land Deed Officer (*Pejabat Pembuat Akta Tanah*) between the Indonesian Company and PT PEA in accordance with the applicable Indonesian laws. This Deed of Land SPA must be executed by 31 July 2014.

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

The Trustee will also enter into a deed of indemnity (the "**Deed of Indemnity**") with PT MPU pursuant to which PT MPU will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHPW Acquisition.

## **2.7 The SHPW Master Lease Agreement**

In relation to the SHPW Acquisition, a master lease agreement (the "**SHPW Master Lease Agreement**") will be entered into between the Indonesian Company (as the master lessor of SHPW) and PT MPU (as the master lessee of SHPW) pursuant to which a master lease

in relation to SHPW will be granted to PT MPU (the “**SHPW Master Lease**”) for a lease term of 15 years, commencing from the date of completion of the SHPW SPA with an option to renew for a further term of 15 years.

## **2.8 Obtaining of Unitholders’ Approval**

Each of PT PEA and PT MPU (as the master lessee of SHPW) is not an Interested Person of the Sponsor under Chapter 9 of the Listing Manual or an Interested Party of the Sponsor under paragraph 5 of the Property Funds Appendix. Therefore, the SHPW Acquisition and the SHPW Master Lease are not Interested Person Transactions under Chapter 9 of the Listing Manual and are not Interested Party Transactions under paragraph 5 of the Property Funds Appendix.

While the approval of Unitholders is not required for the SHPW Acquisition and the SHPW Master Lease, for good corporate governance and transparency, the Manager is seeking the approval of the Unitholders for the SHPW Acquisition and the SHPW Master Lease on a voluntary basis as PT MPU will be sub-leasing SHPW to PT. Siloam International Hospitals Tbk (“**PT SIH**”) (which is an indirect subsidiary of the Sponsor) or to a subsidiary of PT SIH. As at the date of this announcement, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 33.59% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a “Controlling Unitholder”<sup>12</sup> of First REIT and a “Controlling Shareholder”<sup>13</sup> of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

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

As described in paragraph 2.4 above, the Manager will make partial payment for the SHPW Acquisition by issuing Consideration Units of the value of S\$4.5 million. Based on an illustrative issue price of S\$1.0431 per Consideration Unit, the total number of the Consideration Units will be equivalent to 4,316,064 Units representing 0.61% of the total number of Units in issue as at the date of this announcement. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SHPW Acquisition, in accordance with the provisions of the Trust Deed.

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

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

### **4.1 Acquisition of an attractive property with major refurbishment works which were substantially completed within the first quarter of 2014 in Purwakarta, West Java, Indonesia, at a price below the independent valuations**

The SHPW Acquisition represents an opportunity for First REIT to acquire a hospital which

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<sup>12</sup> “**Controlling Unitholder**” has the meaning ascribed to it in the Listing Manual and the Property Funds Appendix.

<sup>13</sup> “**Controlling Shareholder**” has the meaning ascribed to it in the Listing Manual and the Property Funds Appendix.

is attractive, good quality and of international standards in a prime location in Indonesia. SHPW is currently undergoing major refurbishment works. The refurbishment works were substantially completed in the first quarter of 2014 and is expected to be fully completed in September 2014.

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

Additionally, SHPW will be acquired at a price below the average of its independent valuations. SHPW will be acquired at a discount of 17.3% to the higher of the two independent valuations for SHPW.

#### **4.2 Unique opportunity to invest in a growing niche market in Purwakarta, West Java, Indonesia**

The Manager is of the view that this is a unique opportunity to acquire a quality hospital in Purwakarta, West Java, Indonesia, which is a growing niche market. According to Frost & Sullivan, Purwakarta has a real Gross Regional Domestic Product compound annual growth rate of 5.8% from 2008 to 2012, where manufacturing, wholesale and retail trade, agriculture are the key contributing industries. The Manager believes that SHPW is well-positioned for the growing residential and industrial areas in Purwakarta, considering that Jakarta is densely populated and saturated, leading to the gradual shift towards nearby cities like Purwakarta and Bandung.

Furthermore, Purwakarta is strategically located in between Jakarta and Bandung, which means that it is able to attract residents from Indramayu and Subang, who previously had to travel long distances to receive good quality healthcare services. The Purwakarta-Bandung highway also acts as a gateway for the rural population to avail healthcare services in Purwakarta.

#### **4.3 Increased income stability of First REIT through the SHPW Master Lease Agreement and an increase in First REIT's weighted average lease to expiry**

The SHPW Master Lease will be beneficial to First REIT as SHPW is expected to provide stability to First REIT's Gross Rental Income<sup>14</sup> 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 SHPW 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 SHPW, security deposits equivalent to six months of SHPW's annual rental payable (amounting to S\$1.7 million) will be made to First REIT in the form of bankers' guarantees. This security deposit amount will be adjusted at relevant rent review dates.

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

Currently, the master leases of the properties in First REIT's existing portfolio ("**Existing Portfolio**") are between 10 to 15 years. With the SHPW Acquisition, First REIT will benefit

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<sup>14</sup> "**Gross Rental Income**" refers to the contracted rent under the SHPW master lease agreement and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

from the increase in the Enlarged Portfolio<sup>15</sup>'s weighted average lease to expiry based on secured Gross Rental Income with SHPW contributing 4.6% of First REIT's total Gross Rental Income under the SHPW 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 2013 to approximately 11.5 years after the completion of the SHPW Acquisition.

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

First REIT's asset size will grow from S\$1.05 billion as at 31 December 2013 to S\$1.09 billion after the completion of the SHPW Acquisition. The value of First REIT's Deposited Property<sup>16</sup> is expected to increase by 3.5% from S\$1.11 billion as at 31 December 2013 to S\$1.15 billion after the completion of the SHPW Acquisition and there will also be a 3.63% increase in the total gross floor area from 227,376 square metres ("sq m") before the SHPW Acquisition to 235,630 sq m after the completion of the SHPW Acquisition. The maximum number of hospital beds for the Indonesia properties will increase by 8.76% from 2,318 to 2,521.

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

#### **4.5 The SHPW Acquisition enhances the diversification of First REIT's portfolio across locations and medical specialisations**

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

SHPW is a Centre of Excellence for emergency, trauma and is registered to treat patients under the Health Ministry's Social Security Management Agency (*Badan Penyelenggara Jaminan Sosial/BPJS*) Program.

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

#### **4.6 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 32.3% as at 31 December 2013 to 33.9% if the SHPW Purchase Consideration is funded wholly by debt.

Assuming S\$4.5 million of the SHPW Purchase Consideration is satisfied by way of issuance of Consideration Units at an illustrative issue price of S\$1.0431 per Unit, with the

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15 "Enlarged Portfolio" consists of SHPW and the Existing Properties.

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

balance of the SHPW Purchase Consideration to be paid to PT PEA in cash, the aggregate leverage ratio of First REIT is expected to decrease to 33.5% compared to 33.9% if the SHPW Purchase Consideration is funded wholly by debt.

## 5. MAJOR TRANSACTIONS

### 5.1 Major Transactions – Chapter 10 of the Listing Manual

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

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

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

5.1.2 The relative figures for the SHPW Acquisition using the applicable bases of comparison described in sub-paragraphs 5.1.1(ii) and 5.1.1(iii) are set out in the table below.

Comparison of:	SHPW	First REIT	Relative Figure
Net Property Income <sup>(1)</sup>	SHPW: S\$3.34 million <sup>(2)</sup>	S\$80.21 million <sup>(3)</sup>	4.16%
Purchase Consideration against First REIT's market capitalisation	SHPW: S\$31.0 million <sup>(4)</sup>	First REIT's market capitalisation: S\$772.11 million <sup>(5),(6)</sup>	4.01%

**Notes:**

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. "Net Property Income" consists of contracted rent under the



- master lease agreement in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed annual net rental of approximately S\$3.4 million under the master lease of SHPW, less property expenses.
  - (3) Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year of 2013 (the “**FY2013 Audited Consolidated Financial Statements**”).
  - (4) Does not include transaction costs.
  - (5) Based on the closing price of S\$1.085 per Unit on the SGX-ST on the date preceding this announcement.
  - (6) Based on Units in issue as at the date preceding this announcement.

## 6. PRO FORMA FINANCIAL EFFECTS OF THE SHPW ACQUISITION

### 6.1 Pro Forma Financial Effects of the SHPW Acquisition

The pro forma financial effects of the SHPW Acquisition presented below are strictly for illustrative purposes only and were prepared based on the FY2013 Audited Consolidated Financial Statements, and assuming:

- (a) the SHPW Acquisition Cost, comprising the SHPW Purchase Consideration, the SHPW Acquisition Fee, as well as the professional and other fees and expenses, is S\$31.88 million;
- (b) First REIT will, upon completion of the SHPW Acquisition, revalue SHPW to the fair value of S\$37.5 million, based on the valuation of SHPW by Rengganis, who is appointed by the Manager;
- (c) S\$4.5 million of the SHPW Purchase Consideration will be paid via the issuance of the Consideration Units at an assumed 10-Day Volume Weighted Average Price of S\$1.0431 per Unit;
- (d) the balance of the SHPW Purchase Consideration will be paid to PT PEA via a debt facility with the upfront cost of S\$0.34 million to be amortised over the tenure of the debt facility; and
- (e) an assumed issue price of S\$1.0431 per Unit (similar to the issue price of the Consideration Units) in relation to the SHPW Acquisition Fee Units.

### 6.2 Financial Year ended 31 December 2013

#### Pro Forma DPU

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

	<b>FY2013</b>	
	<b>Before the SHPW Acquisition<sup>(1)</sup></b>	<b>After the SHPW Acquisition</b>
Distributable Income (S\$'000) <sup>(2)</sup>	52,086	53,752
Units in issue and to be issued	706,629,453	713,094,864
DPU (cents) <sup>(2)</sup>	7.52	7.54

**Note:**

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

**Pro Forma NAV per Unit**

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

	<b>As at 31 December 2013</b>	
	<b>Before the SHPW Acquisition<sup>(1)</sup></b>	<b>After the SHPW Acquisition</b>
NAV (S\$'000)	682,899	696,609
Units in issue and to be issued	706,629,453	713,094,864
NAV per Unit (S\$)	0.97	0.98

**Note:**

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

**Pro Forma capitalisation**

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

	<b>As at 31 December 2013</b>	
	<b>Actual</b>	<b>As adjusted for the SHPW Acquisition</b>
	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
<b>Long-term debt:</b>		
Unsecured	98,902	98,902
Secured	254,896	281,628
Total long-term debt	353,798	380,530
Total Debt	353,798	380,530
Unitholders funds	682,899	696,609
<b>Total Capitalisation</b>	<b>1,036,697</b>	<b>1,077,138</b>

## 7. OTHER INFORMATION

### 7.1 Interests of Directors and Substantial Unitholders<sup>17</sup>

#### 7.1.1 Interests of Directors of the Manager

As at the date of this announcement, the details of the unitholdings of the directors of the Manager (“**Directors**”) are as follows:

Name of Directors	Direct Interest		Deemed Interest		Total no. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Mr Albert Saychuan Cheok	672,210	0.0945	-	-	672,210	0.0945
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Wong Gang	30,580	0.0043	-	-	30,580	0.0043
Mr Ketut Budi Wijaya	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo @ Tan Kay Poo <sup>(2)</sup>	121,832	0.0171	7,993,964	1.1233	8,115,796	1.1404

**Notes:**

- (1) Percentage interest is based on 711,623,400 Units in issue as at the date of this announcement.
- (2) Dr Ronnie Tan Keh Poo @ Tan Kay Poo is deemed to be interested in (i) 3,302,869 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 3,044,733 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd. and (iii) 1,336,612 Units held by his nominee UOB Kay Hian Private Limited and (iv) 94,000 Units held by UOB Kay Hian Private Limited and 195,750 Units held by DBS Nominees Pte. Ltd., both as the nominees of Dr Tan's spouse Mdm Law Deborah, and (v) 20,000 Units held by Mdm Law Deborah.

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

#### 7.1.2 Interests of Substantial Unitholders

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

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
Bridgewater International Ltd	164,439,019	23.11	-	-	164,439,019	23.11
PT Menara Tirta Indah	43,332,050	6.09	-	-	43,332,050	6.09

<sup>17</sup> “**Substantial Unitholders**” refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	% <sup>(1)</sup>
	No. of Units	% <sup>(1)</sup>	No. of Units	% <sup>(1)</sup>		
PT Primakreasi Propertindo <sup>(2)</sup>	-	-	43,332,050	6.09	43,332,050	6.09
PT Sentra Dwimandiri <sup>(3)</sup>	-	-	164,439,019	23.11	164,439,019	23.11
The Sponsor <sup>(4)</sup>	-	-	239,012,434	33.59	239,012,434	33.59

**Notes:**

- (1) Percentage interest is based on 711,623,400 Units in issue as at the date of this announcement.
- (2) PT Primakreasi Propertindo is deemed to be interested in the Units held by its wholly-owned subsidiary, PT Menara Tirta Indah (please see table above).
- (3) PT Sentra Dwimandiri is deemed to be interested in the Units held by its subsidiary, Bridgewater International Ltd (please see table above).
- (4) The Sponsor is deemed to be interested in (i) the Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd (please see table above); (ii) the Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah (please see table above); and (iii) the 31,241,365 Units held by Bowsprit Capital Corporation Limited.

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries Bridgewater International Ltd. and PT Menara Tirta Indah and through its 100.0% interest in the Manager, holds an aggregate indirect interest of 33.59% in First REIT and is deemed to be a Controlling Unitholder of First REIT.

## 7.2 Directors' Service Contracts

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

## 7.3 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.

## 7.4 Opinion of the Audit Committee and Independent Financial Adviser

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

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

## **8. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-01, OUE Bayfront, Singapore 049321 from the date of this announcement up to and including the date falling three months after the date of the Unitholders' Circular seeking approval of Unitholders for the SHPW Acquisition, the SHPW Master Lease and the issuance of Consideration Units<sup>18</sup>:

- (i) the SHPW SPA (which contains the forms of the Master Lease Agreement, the Deed of Indemnity and the New SHPW SPA);
- (ii) the full valuation report on the SHPW issued by W&R;
- (iii) the full valuation report on the SHPW issued by Rengganis;
- (iv) the Indonesia Healthcare Market Review Report by Frost & Sullivan (S) Pte Ltd;
- (v) the FY2013 Audited Consolidated Financial Statements; and
- (vi) the Independent Indonesian Taxation Report by PB Taxand.

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

## **9. FURTHER DETAILS**

The Unitholders' Circular in relation to the SHPW Acquisition, the SHPW Master Lease Agreement and the proposed issuance of the SHPW Consideration Units, together with a notice of the EGM to be convened, will be despatched to Unitholders in due course after approval has been received from the SGX-ST in relation to the Unitholders' Circular.

By Order of the Board

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

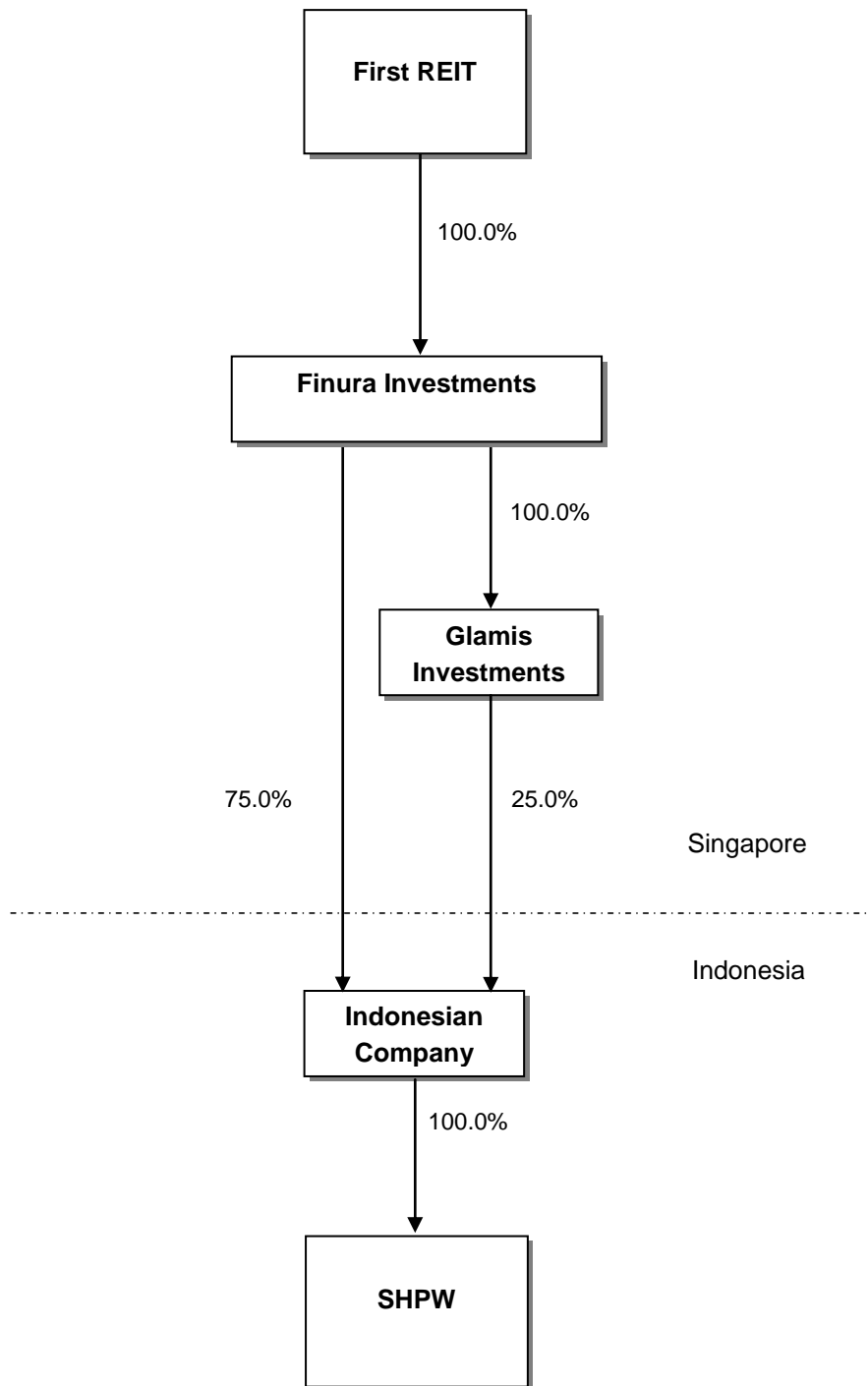
13 March 2014

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<sup>18</sup> Prior appointment with the Manager (telephone: +65 6435 0168) will be appreciated.

## APPENDIX A

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



**Important Notice**

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

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

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