



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

## ANNOUNCEMENT

### PROPOSED TRANSACTION IN RELATION TO SILOAM HOSPITALS SURABAYA

#### 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**"), wishes to announce that First REIT intends to enter into a proposed joint arrangement ("**Joint Arrangement**") and asset swap ("**Asset Swap**") with PT Saputra Karya ("**PT SK**"), (a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, a company incorporated in Indonesia and the sponsor of First REIT (the "**Sponsor**")) which involves the following:

(a) **Divestment of Plot B**

the divestment of a plot of land ("**Plot B**") which is owned by PT Tata Prima Indah ("**PT TPI**"), a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of First REIT, to PT SK (the "**Plot B Divestment**");

(b) **Development Works**

the development works on Plot B and the Sponsor's land adjacent to Plot B ("**Plot A**") and the development works on Plot A and Plot B, the "**Development Works**";

(c) **The New SHS Acquisition and New SHS Master Lease**

the acquisition of the new hospital to be built pursuant to the Development Works (the "**New SHS**" and the acquisition of the New SHS, the "**New SHS Acquisition**") from PT SK, as well as the proposed master lease of the New SHS to the Sponsor (the "**New SHS Master Lease**") and the termination of the existing master lease agreement between PT TPI (as the master lessor of the existing Siloam Hospitals Surabaya (the "**Existing SHS**")) and the Sponsor (as the master lessee of the Existing SHS) ("**Existing SHS Master Lease Agreement**"); and

(d) **Divestment of the Existing SHS**

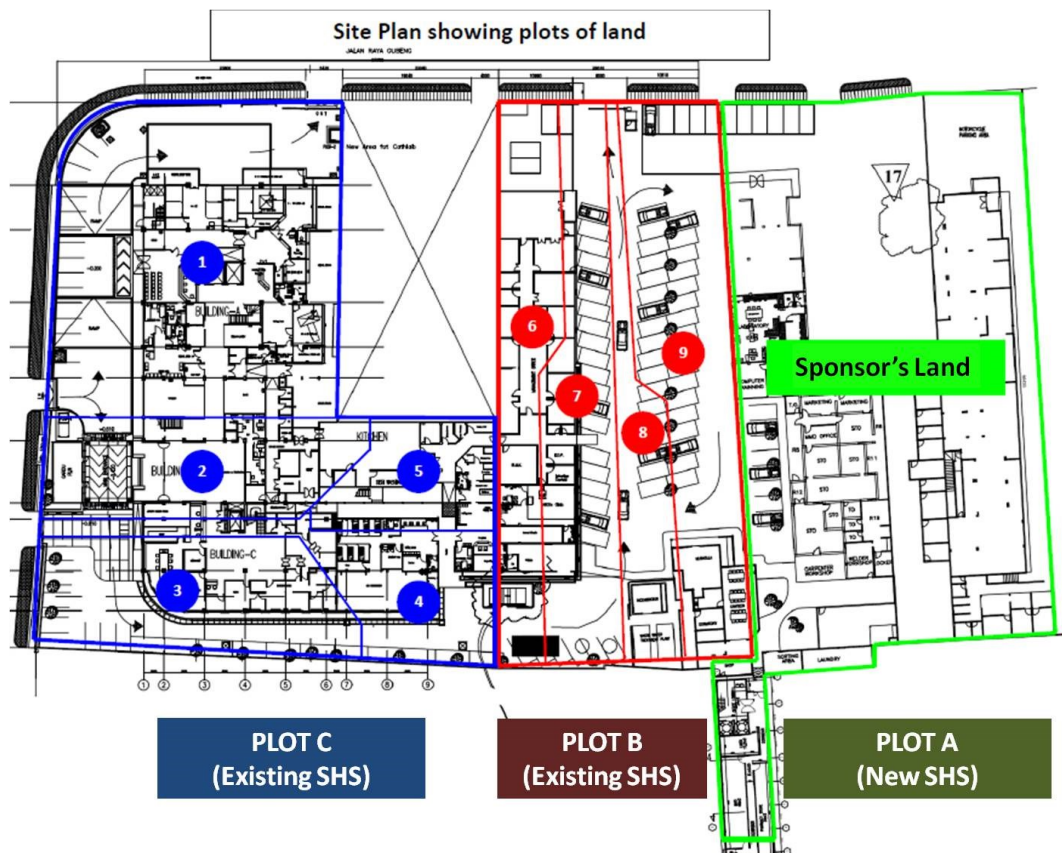
the divestment of the Existing SHS which is owned by PT TPI to PT SK (the "**Existing SHS Divestment**"),

(collectively the "**Transaction**").

In connection with the Transaction, First REIT, through PT TPI, has on 20 October 2015 entered into the following agreements:

- (i) a conditional sale and purchase agreement with PT SK to divest Plot B, which is owned by PT TPI to PT SK (the “**Plot B CSPA**”)<sup>1</sup>;
- (ii) a development works agreement with PT SK in relation to the Development Works pursuant to which PT SK proposes to carry out the Development Works and, upon completion of such Development Works (including the construction of the New SHS), PT TPI proposes to acquire the New SHS to be built pursuant to the Development Works (the “**Development Works Agreement**”); and
- (iii) a conditional sale and purchase agreement with PT SK to divest the Existing SHS, which is owned by PT TPI to PT SK (the “**Existing SHS CSPA**”).

The picture below illustrates the site plan for the Development Works:



**Note:**

- (1) The numbers 1 to 9 referred to in the site plan are the plots of the “Right to Build” (*Hak Guna Bangunan* or “**HGB**”) land titles which the Existing SHS is situated on. For further details on the HGB land titles, please refer to **Appendix A** which also sets out the site plan for the proposed Development Works and the building plan for the Development Works and the development of the land on which the Existing SHS is situated (“**Plot C**”).

<sup>1</sup> The completion of the sale of Plot B is intended to take place shortly after approval for the Transaction is obtained from the Independent Unitholders (as defined herein) at an extraordinary general meeting of Unitholders to be convened (the “**EGM**”).

## 2. THE PLOT B DIVESTMENT

### 2.1 Description of Plot B

The Manager is seeking to divest Plot B, which is located at Jalan Raya Gubeng Nos. 74 and 78, Gubeng Subdistrict, Gubeng District, Surabaya City, East Java Province, Indonesia. There are certain temporary structures that are no longer in use which are situated on Plot B. As part of the Development Works, the temporary structures will be torn down and the Sponsor will construct a mixed development on Plot A and Plot B which will comprise the New SHS, a private school, an ancillary mall, a hotel and apartment and adequate car parks.

### 2.2 Structure of the Plot B Divestment

Pursuant to the Transaction, PT TPI, the owner of Plot B, has on 20 October 2015 entered the Plot B CSPA to divest Plot B to PT SK for a sale consideration of approximately S\$8.20 million (Rp. 79.15 billion)<sup>2</sup> (the “**Plot B Sale Consideration**”)<sup>3</sup>.

The completion of the Plot B Divestment is intended to take place shortly after approval for the Transaction is obtained from Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor (the “**Independent Unitholders**”) at the EGM.

### 2.3 Valuation and Sale Consideration

Two independent property valuers, KJPP Winarta & Rekan in association with Jones Lang LaSalle (“**Winarta**”) and KJPP Willson & Rekan in association with Knight Frank (“**W&R**”), have been appointed by HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT) (the “**Trustee**”) and the Manager respectively to value Plot B<sup>4</sup>. The Plot B Sale Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of Plot B by Winarta and W&R, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Winarta and W&R using the “Market Value” basis<sup>5</sup>. The Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment were negotiated as one collective transaction and cannot be separated. Therefore, First REIT did not obtain alternative offers for Plot B.

The following table sets out the appraised values, the respective dates of such appraisal and the Plot B Sale Consideration:

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- 2 Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Plot B CSPA.
  - 3 For the avoidance of doubt, PT SK shall be responsible for the payment of all taxes payable by PT SK (including the land and building tax of 5% of the Plot B Sale Consideration) in connection with the Plot B Divestment. PT TPI shall be responsible for the payment of all taxes payable by PT TPI (including a final tax of 5%) in connection with the Plot B Divestment.
  - 4 In addition to the valuation by Winarta and W&R, the Manager had also commissioned an independent third valuer, KJPP Rinaldi Alberth Baroto & Partners (“**RAB & P**”) to prepare a limited desktop valuation of Plot B. RAB & P has valued Plot B at S\$7.88 million (Rp. 77.81 billion) as at 29 June 2015 based on the rupiah exchange rate of S\$1.00 to Rp. 9,871.40 as at 29 June 2015.
  - 5 “**Market Value**” means the estimated amount for which an asset or liability should exchange on the date of the Plot B 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.

Property	Appraised Value					
	By Winarta as at 22 June 2015 <sup>(1)</sup>		By W&R as at 30 June 2015 <sup>(2)</sup>		Sale Consideration <sup>(3)</sup>	
	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)
Plot B	8.20	82.30	7.70	76.19	8.20	79.15

**Notes:**

- (1) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,986 as at 22 June 2015.  
(2) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,895 as at 30 June 2015.  
(3) Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Plot B CSPA.

The Plot B Sale Consideration represents a premium of 3.1% to the average of the two independent valuations for Plot B.

## 2.4 Plot B Divestment Cost

The total cost of the Plot B Divestment, comprising the divestment fee<sup>6</sup> of S\$39,000 in relation to the Plot B Divestment payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) (which shall be payable in Units (the “**Plot B Divestment Fee Units**”)) as well as the professional and other fees and expenses of approximately S\$94,000<sup>7</sup> in connection with the Plot B Divestment, is estimated to be approximately S\$133,000 (the “**Plot B Divestment Cost**”).

## 2.5 Method of Financing

The Manager intends to finance the cash portion of the Plot B Divestment Cost via a drawdown from First REIT’s committed debt facility.

## 2.6 Conditions Precedent for the Completion of the Plot B Divestment

Completion of the Plot B Divestment is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 2.6.1 the execution of the Development Works Agreement, the Existing SHS CSPA, the Deed of Indemnity (as defined herein) and the Put Option Agreement (as defined herein) by the relevant parties;
- 2.6.2 the passing at an EGM of a resolution to approve the Transaction;
- 2.6.3 the receipt by PT TPI and First REIT of a legal due diligence report on PT WJP (in a form and substance satisfactory to PT TPI and First REIT) no later than (a) two months after the date of the Plot B CSPA or (b) immediately prior to completion of the Plot B Divestment, whichever is earlier; and
- 2.6.4 PT SK securing sufficient financing to undertake the Transaction and the agreements for such financing not having been terminated and being unconditional in all respects.

<sup>6</sup> Being 0.5% of the Plot B Sale Consideration net of the final tax of 5%.

<sup>7</sup> It is expected that most of the professional and other fees and expenses in connection with the Plot B Divestment will be incurred by First REIT even if the Manager does not proceed with the Plot B Divestment.

### 3. DEVELOPMENT WORKS

#### 3.1 Description of the Development Works

As part of the Sponsor's plans to develop the Surabaya region (including building the New SHS which will replace the Existing SHS), the Sponsor intends to build a mixed development in Surabaya, East Java, Indonesia. The mixed development will comprise the New SHS, a private school, an ancillary mall, a hotel and apartment and adequate car parks. The Sponsor will construct the mixed development on Plot A, Plot B and Plot C. The Sponsor will commence the Development Works on Plot A and Plot B after the completion of the Plot B Divestment, which is intended to take place shortly after approval for the Transaction is obtained from the Independent Unitholders at the EGM. After the completion of the Development Works and after the issuance of the *Sertifikat Layak Fungsi* (Function Feasibility Certificate) ("**SLF**") and the necessary hospital operation permits and licences for the New SHS, the Existing SHS will be swapped with the New SHS.

The Development Works involves the development of the New SHS, a private school, an ancillary mall and adequate car parks. For the avoidance of doubt, First REIT will not be involved in the Development Works.

#### 3.2 Progress Payments

In connection with the Development Works<sup>8</sup> and the New SHS Acquisition, the New SHS purchase consideration of S\$90.00 million (Rp. 873.19 billion)<sup>9</sup> (the "**New SHS Consideration**")<sup>10</sup> will be paid progressively in instalments at certain stages of the construction of the New SHS (the "**Progress Payments**"). PT TPI will, within 30 days from the date Independent Unitholders' approval for the Transaction is obtained (or on such other date as may be mutually agreed upon between PT TPI and PT SK), pay the first Progress Payment of S\$18.00 million (Rp. 174.64 billion)<sup>11</sup>, being 20% of the New SHS Consideration to PT SK (the "**First Progress Payment**"). In addition to the First Progress Payment, additional Progress Payments will be made by PT TPI to PT SK at certain stages of the construction of the New SHS (the "**Additional Progress Payments**"). From the date of payment of the First Progress Payment up to the date on which PT TPI takes possession of the New SHS, PT SK will pay PT TPI a rate of return on the Progress Payments. The rate of return on the Progress Payments will be equal to 6.0% per annum of the aggregate sum of the Progress Payments that have been paid by PT TPI to PT SK<sup>12</sup>. The payment schedule for the Progress Payments is set out below:

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8 For the avoidance of doubt, the Sponsor has agreed to bear all of the development costs in connection with the Development Works, including the construction cost, legal cost, finance cost, development premiums and professional fees involved.

9 Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.

10 The New SHS 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.

11 Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.

12 For the avoidance of doubt, PT SK will not pay PT TPI the rate of return of 6.0% per annum for the fifth and final Progress Payment, which is to be paid by PT TPI to PT SK, upon the execution of the deed of sale and purchase by PT SK and PT TPI before a land deed officer (Pejabat Pembuat Akta Tanah or "**PPAT**") in relation to the strata title certificates (*Sertifikat Hak Milik Satuan Rumah Susun* or "**Strata Title Certificates**") (the "**Deed of Sale and Purchase**") (the "**Final Progress Payment**").

Progress Payments (as % of the New SHS Consideration)	Milestone	Estimated Payment Date
20%	First Progress Payment	Within 30 days from the date Independent Unitholders' approval for the Transaction is obtained (or on such other date as may be mutually agreed upon between PT TPI and PT SK)
10%	Completion of foundation work	Within 12 months from the date Independent Unitholders' approval for the Transaction is obtained
30%	Building top-up	Within 27 months from the date Independent Unitholders' approval for the Transaction is obtained
30%	Completion of external and internal works	Within 42 months from the date Independent Unitholders' approval for the Transaction is obtained
-	Upon obtaining the SLF and the necessary hospital operation permits and licences for the operation of the New SHS	- PT SK will notify First REIT in writing upon obtaining the SLF and the necessary hospital operation permits and licences for the operation of the New SHS
10%	Issuance of the Strata Title Certificates to PT SK	Within 60 months from the date Independent Unitholders' approval for the Transaction is obtained and shall be paid on the execution date of the Deed of Sale and Purchase

The estimated payment dates of the Progress Payments are indicative and for illustrative purposes only. Save for the First Progress Payment and the Final Progress Payment, the Progress Payments will be due when the relevant architect certificate is submitted by PT SK to verify completion of respective work stages indicated above (where applicable) and the relevant architect certificate submitted by PT SK is verified by an independent consultant or building surveyor appointed by PT TPI.

For the avoidance of doubt, the Progress Payments are fixed amounts which are not subject to any increase in the event of cost overruns.

In connection with the Development Works and the New SHS Acquisition, the Trustee and PT Wisma Jatim Propertindo, a limited liability company incorporated in Indonesia and a wholly-owned subsidiary of the Sponsor (“**PT WJP**”) have also entered into a deed of indemnity on 20 October 2015 (the “**Deed of Indemnity**”) pursuant to which PT WJP will, subject to certain conditions, indemnify the Trustee against, among others, all losses which may be incurred by the Trustee in connection with the Development Works, including (without limitation) all Progress Payments made in relation to the Development Works in the event that the construction of the New SHS is not completed for any reason. As additional protection to First REIT, a bank guarantee will be issued by PT Bank BNP Paribas Indonesia (“**BNP**”) (the “**Bank Guarantee**”) in favour of PT TPI pursuant to the Development Works Agreement to secure and guarantee the due performance of PT SK of its obligations under the Development Works Agreement. Under the terms and conditions of the Bank Guarantee, BNP will secure 5.0% of the aggregate amount of the Progress Payments that have been paid up to date by PT TPI to PT SK. The Bank Guarantee will commence from the date on which PT TPI pays the First Progress Payment to PT SK until the date PT TPI takes possession of the New SHS.

While the Development Works is in progress, the Existing SHS will remain open for business and the Sponsor (as the master lessee of the Existing SHS) will continue to pay full rental under the Existing SHS Master Lease Agreement. For the avoidance of doubt, the payment of such rental is in addition to the rate of return on the Progress Payments. Therefore, until PT TPI takes possession of the New SHS, the Existing SHS will continue to generate rental income for First REIT.

### **3.3 Commencement Date**

The estimated date of completion of the construction of the Development Works (including the construction of the New SHS) is 3.5 years from the time Unitholders’ approval for the Transaction is obtained (the “**Commencement Date**”). In the event that the completion of the construction of the Development Works is more than 3.5 years but less than 4.5 years from the Commencement Date, this will be considered to be a delay<sup>13</sup> but not an event which would terminate the Joint Arrangement. However, if the construction of the Development Works is not completed within 4.5 years after the Commencement Date, PT TPI shall have the right to terminate the Development Works Agreement. For the

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13 In the event that the completion of the construction of the Development Works is more than 3.5 years but less than 4.5 years from the Commencement Date, PT SK will incur a penalty of 10.0% per annum of the total Progress Payments that have been paid by PT TPI to PT SK from the date the delay occurred until the completion of the construction of the Development Works. For the avoidance of doubt, even if a delay in the construction of the Development Works occurs, the rate of return payable by PT SK to PT TPI will remain at 6.0% per annum for the period from the completion of the construction of the Development Works until PT TPI takes possession of the New SHS.

avoidance of doubt, even if the Joint Arrangement is terminated, Plot B will not be returned to PT TPI.

After the completion of the Development Works and the issuance of the SLF and the necessary hospital operation permits and licences for the operation of the New SHS, PT TPI and PT SK will swap the Existing SHS for the New SHS. Subsequently, PT TPI (as the master lessor of the New SHS) and the Sponsor (as the master lessee of the New SHS) will enter into a conditional master lease agreement (the “**New SHS Master Lease Agreement**”) pursuant to which the New SHS Master Lease will be granted to the Sponsor for a lease term of 15 years commencing from the fifth Business Day<sup>14</sup> after the effective date of termination of the Existing SHS Master Lease Agreement, with an option to renew for a further term of 15 years.

#### **4. THE NEW SHS ACQUISITION AND NEW SHS MASTER LEASE**

##### **4.1 Description of the New SHS**

The New SHS will comprise a 12-storey hospital building with two podium floors and one lower ground floor and is expected to be completed in 2019. It is expected to have a capacity of approximately 488 beds and is expected to be equipped by the Sponsor with state-of-the-art medical equipment. The New SHS will be a Centre of Excellence<sup>15</sup> for fertility and stroke.

Upon PT TPI taking possession of the New SHS, the New SHS will commence operations under the “Siloam Hospitals” brand and the Sponsor will be the lessee of the New SHS. The New SHS is expected to have a total gross floor area (“**GFA**”) of approximately 24,245.90 square metres (“**sq m**”) and will be located at Jalan Raya Gubeng No. 70, Gubeng Subdistrict, Gubeng District, Surabaya City, East Java Province, Indonesia<sup>16</sup>.

##### **4.2 Structure of the New SHS Acquisition**

The Manager is seeking to acquire the New SHS for a purchase consideration of S\$90.00 million (Rp. 873.19 billion)<sup>17</sup> from PT SK. The New SHS Consideration will be paid progressively in instalments at certain stages of the construction of the New SHS. In furtherance of the New SHS Acquisition, PT TPI, the owner of the Existing SHS, has on 20 October 2015 entered into the Development Works Agreement to acquire the New SHS from PT SK. First REIT has a 100.0% interest in Primerich Investments Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of First REIT (“**PIPL**”) and Surabaya Hospitals Investment Pte. Ltd, a company incorporated in Singapore and a wholly-owned subsidiary of First REIT (“**SHIPL**”). PIPL owns 99.98% of the issued share

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14 “**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

15 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.

16 As the New SHS is to be developed on Plot A and Plot B, the address of the New SHS will be confirmed after PT TPI takes possession of the New SHS.

17 Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.



capital of PT TPI and SHIPL owns 0.02% of the issued share capital of PT TPI. PIPL and SHIPL collectively own the entire issued share capital of PT TPI.

**Appendix B** sets out a chart illustrating the structure under which the New SHS will be held by First REIT upon completion of the New SHS Acquisition.

#### 4.3 Valuation and Purchase Consideration

The New SHS Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of the New SHS by Winarta and W&R, which were commissioned by the Trustee and the Manager respectively to value the New SHS<sup>18</sup>. The valuations were derived by Winarta and W&R 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 the New SHS). 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 New SHS Consideration:

Property	Appraised Value <sup>(1)</sup>					
	By Winarta as at 22 June 2015 <sup>(2)</sup>		By W&R as at 30 June 2015 <sup>(3)</sup>		Purchase Consideration <sup>(4)</sup>	
	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)
New SHS	102.30	1,021.60	103.00	1,019.19	90.00	873.19

**Notes:**

- (1) For the avoidance of doubt, the valuations of the New SHS do not take into account any upside from the potential development of Plot C.
- (2) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,986 as at 22 June 2015.
- (3) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,895 as at 30 June 2015.
- (4) Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.

The New SHS Consideration represents a discount of 12.3% to the average of the two independent valuations for the New SHS.

#### 4.4 New SHS Acquisition Cost

The total cost of the New SHS Acquisition, comprising the New SHS Consideration of S\$90.00 million (Rp. 873.19 billion)<sup>19</sup>, the acquisition fee of S\$900,000<sup>20</sup> in relation to the New SHS Acquisition payable to the Manager pursuant to the Trust Deed (which shall be payable in Units (the “**New SHS Acquisition Fee Units**”))<sup>21</sup> as well as the professional

18 In addition to the valuation by Winarta and W&R, the Manager had also commissioned an independent third valuer, RAB & P to prepare a limited desktop valuation of the New SHS. RAB & P has valued the New SHS at S\$101.00 million (Rp. 999.36 billion) as at 30 June 2015 based on the rupiah exchange rate of S\$1.00 to Rp. 9,895 as at 30 June 2015.

19 Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.

20 Being 1.0% of the New SHS Consideration.

21 As the New SHS Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the New SHS Acquisition Fee payable to the Manager will be in the form of the New SHS Acquisition Fee Units, which

and other fees and expenses of approximately S\$700,000<sup>22</sup> in connection with the New SHS Acquisition, is estimated to be approximately S\$91.60 million (the “**New SHS Acquisition Cost**”).

#### **4.5 Method of Financing**

The New SHS Consideration will be paid in cash and is expected to be financed via a combination of committed debt facility and equity.

#### **4.6 Conditions Precedent for the Completion of the New SHS Acquisition**

Completion of the sale and purchase of New SHS under the Development Works Agreement is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 4.6.1 the execution of the New SHS Master Lease Agreement, the Termination Agreement (as defined herein), the Plot B CSPA, the Existing SHS CSPA, the Deed of Indemnity and the Put Option Agreement by the relevant parties (see paragraphs 4.7 and 4.8 below for further details);
- 4.6.2 the passing at an extraordinary general meeting of Unitholders of a resolution to approve the Transaction;
- 4.6.3 completion and satisfactory results of the legal, financial, tax and building due diligence and other forms of due diligence which the Manager and/or the Trustee may consider to be relevant;
- 4.6.4 First REIT securing sufficient financing to undertake the Transaction and the agreements for such financing not having been terminated and being unconditional in all respects;
- 4.6.5 there being no adverse change to the financial condition of the Sponsor (as the master lessee of the New SHS) or its ability to make payment to PT TPI under the New SHS Master Lease Agreement;
- 4.6.6 there being no adverse change to the financial condition of PT WJP and the other entities appointed by PT WJP which are agreeable to the Manager and the Trustee, of its or their ability to purchase the entire shareholder’s equity of PT TPI under the Put Option Agreement;
- 4.6.7 the SLF and the necessary hospital operation permits and licences for the operation of the New SHS having been validly issued and remaining valid and in full force and effect;
- 4.6.8 the parties obtaining a cover note from the relevant Notary in Indonesia stating among others, that (i) the legal title of PT SK over the New SHS HGB Land Titles (as defined herein); and (ii) the New SHS HGB Land Titles by the authorised Land

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shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

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

Office under the name of PT SK have no recordation of any encumbrances (including mortgage), seizure or dispute in the relevant land office;

- 4.6.9 the receipt by PT TPI and First REIT of a legal due diligence report on PT WJP (in a form and substance satisfactory to PT TPI and First REIT) no later than (a) two months after the date of the Plot B CSPA or (b) immediately prior to completion of the Plot B Divestment on and subject to the terms of the Plot B CSPA, whichever is earlier;
- 4.6.10 the valid issuance of the New SHS HGB Land Titles by the authorised Land Office under the name of PT SK; and
- 4.6.11 PT SK obtaining a Land Registration Confirmation Letter (*Surat Keterangan Pendaftaran Tanah*) from the competent Land Office confirming, among others, (a) the valid ownership of the New SHS HGB Land Titles by PT SK, (b) the total area of the New SHS HGB Land Titles (c) the validity of the New SHS HGB Land Titles and (d) there is no recordation of any encumbrances (including mortgage), seizure or dispute in the relevant land book.

In addition to the above conditions precedent, the Sponsor and/or its subsidiary shall irrevocably and unconditionally assist to form the Association of Owners and Occupants (*Perhimpunan Pemilik dan Penghuni Rumah Susun* or “**PPPRS**”) in accordance with applicable laws and regulations within the period required under applicable laws and regulations, and such formation together with all obligations related thereto (including obligations with respect to the articles of association of the PPPRS) shall be approved in writing by PT TPI.

#### 4.7 Put Option Agreement in Relation to the New SHS Acquisition

The Development Works (including the construction of the New SHS) will be constructed on Plot A and Plot B<sup>23</sup>. Upon completion of the construction of the New SHS, PT SK will make an application to the relevant authority to obtain an SLF.

Once PT SK obtains the SLF, PT SK will apply for the necessary hospital operation permits and licences<sup>24</sup> as well as make an application to the Indonesian National Land Office for the segregation of the New SHS HGB Land Titles into separate Strata Title Certificates, to be issued to PT TPI.

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23 Plot A comprises eight HGB titles owned by PT SK (the “**Plot A HGB Land Titles**”) and Plot B comprises four HGB titles which is currently held by PT TPI (the “**Plot B HGB Land Titles**”). Once the Plot B HGB certificates (which evidence the Plot B HGB Land Titles) have been issued under the name of PT SK, the Plot A HGB Land Titles and the Plot B HGB Land Titles will be merged and the new SHS HGB land titles will be issued by the authorised Land Office under the name of PT SK (the “**New SHS HGB Land Titles**”). The HGB title certificates in respect of Plot A and Plot B were granted by the authorised National Land Office of the Republic of Indonesia (*Badan Pertahanan Nasional*) (the “**National Land Office**”). An 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, an 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.

24 It is expected that the Sponsor will obtain the necessary hospital operation permits and licences within three months after the receipt of the SLF.

After the SLF has been issued and the necessary hospital operation permits and licences in relation to the New SHS have been obtained but prior to the issuance of the Strata Title Certificates to PT TPI, PT TPI will take possession of the New SHS.

Upon the issuance of the Strata Title Certificates under the name of PT SK, PT SK and PT TPI shall execute a Deed of Sale and Purchase and following the execution of the Deed of Sale and Purchase, the name recorded in the Strata Title Certificates relating to the New SHS will be changed to PT TPI. As PT TPI will be taking possession of the New SHS before the Strata Title Certificates are issued to PT TPI, the Trustee, PIPL, SHIPL, PT TPI and PT WJP have on 20 October 2015 entered into a put option agreement (the “**Put Option Agreement**”) which provides that, if the Strata Title Certificates are not issued to PT TPI on the expiry of 12 months from the date on which PT TPI takes possession of the New SHS (the “**Strata Title Completion Period**”), a meeting of Unitholders will be convened by the Trustee pursuant to which the Unitholders’ will vote, by way of an Ordinary Resolution<sup>25</sup>, whether to extend the Strata Title Completion Period and the put option period by an additional six months.

If the Unitholders vote in favour of the Ordinary Resolution at the general meeting, there will be an extension of six months (the “**Extended Strata Title Completion Period**”) and if PT TPI does not (or does not expect to) receive the Strata Title Certificates within the Extended Strata Title Completion Period, the Trustee has the option to convene another general meeting to seek Unitholders’ approval for the extension of the Extended Strata Title Completion Period and the put option period by another six months. This process of seeking Unitholders’ approval shall continue until the Unitholders decide not to grant any extension by way of an Ordinary Resolution.

If PT TPI does not receive the Strata Title Certificates within the Strata Title Completion Period or, as the case may be, the Extended Strata Title Completion Period, the Trustee will have the irrevocable and unconditional right (the “**Put Option**”) to require PT WJP (or a nominee of PT WJP which is acceptable to the Trustee) (the “**Put Option Grantor**”) to purchase all the shares of PT TPI, which in turn will hold the New SHS, at the higher of:

- (i) the consideration which First REIT paid for the New SHS Acquisition; or
- (ii) the market value of the New SHS as determined by two independent valuers appointed in accordance with Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”), and

taking into account all transaction costs incurred directly or indirectly by First REIT, PT TPI, PIPL, SHIPL and the Trustee for the New SHS Acquisition pursuant to the Development Works Agreement and the exercise of the Put Option (including, but not limited to brokerage, stamp duties, acquisition fees, conveyancing fees, legal fees, tax advisory fees and other professional fees) and adjustments to take into account the net asset value (“**NAV**”) of PT TPI.

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25 “**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.

#### 4.8 Indemnity in relation to the New SHS SPA

The Trustee has also entered into the Deed of Indemnity pursuant to which PT WJP will, subject to certain conditions, indemnify the Trustee against, among others, all losses which may be incurred by the Trustee in connection with the Development Works as well as liabilities or damages suffered by the Trustee arising from the New SHS Acquisition.

#### 4.9 The New SHS Master Lease

In relation to the New SHS Acquisition, PT TPI (as the New SHS master lessor) and the Sponsor (as the New SHS master lessee) will enter into the New SHS Master Lease Agreement pursuant to which the New SHS Master Lease will be granted to the Sponsor for a lease term of 15 years commencing from the fifth Business Day after the effective date of termination of the Existing SHS Master Lease Agreement, with an option to renew for a further term of 15 years.

### 5. THE EXISTING SHS DIVESTMENT

#### 5.1 Description of the Existing SHS

The Existing SHS, which was acquired by First REIT on 11 December 2006 for S\$16.80 million as part of its initial portfolio and which has an appraised value of S\$33.20 million as at 31 October 2014<sup>26</sup>, consists of four buildings, being a five-storey building built in 1977, a four-storey building built in 1986, a three-storey building built in 2001 and a two-storey building built in 2008. It commenced operations in early April 1995, has a maximum capacity of 160 beds and is located at Jalan Raya Gubeng No. 70, Gubeng Subdistrict, Gubeng District, Surabaya City, East Java Province, Indonesia. The Existing SHS is located in the Central Area of Indonesia's second largest city, Surabaya, and this provides a large catchment area of potential patients given the relatively low number of higher quality hospitals in the region.

#### 5.2 Structure of the Existing SHS Divestment

Pursuant to the Transaction, PT TPI, the owner of the Existing SHS, has on 20 October 2015 entered into the Existing SHS CSPA with PT SK to divest the Existing SHS to PT SK for a sale consideration at the higher of (i) S\$27.50 million (Rp. 265.45 billion)<sup>27</sup> or (ii) the average of the two independent valuations of the Existing SHS to be conducted in accordance with the Property Funds Appendix prior to the completion of the Existing SHS Divestment (the "**Existing SHS Sale Consideration**")<sup>28</sup>.

Once PT TPI takes possession of the New SHS, the Existing SHS Master Lease Agreement will be terminated via a termination agreement (the "**Termination Agreement**"). The New SHS Master Lease Agreement will be entered into between PT TPI (as the master lessor of the New SHS) and the Sponsor (as the master lessee of the

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26 Appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. ("**Rengganis**")

27 Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.

28 For the avoidance of doubt, PT SK shall be responsible for the payment of all taxes payable by PT SK (including the land and building tax of 5% of the Existing SHS Sale Consideration) in connection with the Existing SHS Divestment. PT TPI shall be responsible for the payment of all taxes payable by PT TPI (including a final tax of 5%) in connection with the Existing SHS Divestment.

New SHS), pursuant to which a master lease in relation to the New SHS will be granted to the Sponsor for a lease term of 15 years, commencing from the fifth Business Day after the effective date of termination of the Existing SHS Master Lease Agreement, with an option to renew for a further term of 15 years.

### 5.3 Valuation and Sale Consideration

Two independent property valuers, Winarta and W&R, have been appointed by the Trustee and the Manager respectively to value the Existing SHS<sup>29</sup>. The Existing SHS Sale Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of the Existing SHS by Winarta and W&R, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Winarta using the “Market Value” basis<sup>30</sup> for the valuation of Plot C and the “Depreciated Replacement Cost of Buildings and Site Improvements” basis<sup>31</sup> for the valuation of the Existing SHS and by W&R using the “Market Value” basis. The Plot B Divestment, New SHS Acquisition and the Existing SHS Divestment were negotiated as one collective transaction and cannot be separated. Therefore, First REIT did not obtain alternative offers for the Existing SHS.

The following table sets out the appraised values, the respective dates of such appraisal and the Existing SHS Sale Consideration:

Property	Appraised Value					
	By Winarta as at 22 June 2015 <sup>(1)</sup>		By W&R as at 30 June 2015 <sup>(2)</sup>		Sale Consideration <sup>(3),(4)</sup>	
	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)	(S\$ million)	(Rp. billion)
Existing SHS	17.90 <sup>(5)</sup>	178.90 <sup>(6)</sup>	22.27	220.38	27.50	265.45

**Notes:**

- (1) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,986 as at 22 June 2015.
- (2) Based on the rupiah exchange rate of S\$1.00 to Rp. 9,895 as at 30 June 2015.
- (3) The Existing SHS Sale Consideration will be the higher of (i) S\$27.50 million (Rp. 265.45 billion) or (ii) the average of two independent valuations of the Existing SHS to be conducted in accordance with the Property Funds Appendix prior to the completion of the Existing SHS Divestment.
- (4) Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.
- (5) This comprises S\$14.80 million reflecting the valuation of Plot C and S\$3.10 million reflecting the valuation of the Existing SHS.
- (6) This comprises Rp. 147.60 billion reflecting the valuation of Plot C and Rp. 31.30 billion reflecting the valuation of the Existing SHS.

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- 29 In addition to the valuation by Winarta and W&R, the Manager had also commissioned an independent third valuer, RAB & P to prepare a limited desktop valuation of the Existing SHS. RAB & P has valued the Existing SHS at S\$20.24 million (Rp. 199.79 billion) as at 29 June 2015 based on the rupiah exchange rate of S\$1.00 to Rp. 9,871.40 as at 29 June 2015.
  - 30 “**Market Value**” means the estimated amount for which an asset or liability should exchange on the date of the Existing SHS 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.
  - 31 “**Depreciated Replacement Cost of Buildings and Site Improvements**” means a method under the cost approach that indicates the value by calculating the current replacement cost of an asset less deductions for physical deterioration and all relevant forms of obsolescence.

The Existing SHS Sale Consideration represents a premium of 36.9% to the average of the two independent valuations for the Existing SHS.

In addition, the Plot B Sale Consideration and the Existing SHS Sale Consideration combined represents a premium of 112.50% to the original acquisition price of S\$16.80 million and a premium of 7.53% to the appraised value of S\$33.20 million as at 31 October 2014<sup>32</sup>.

#### **5.4 Existing SHS Divestment Cost**

The total cost of the Existing SHS Divestment, comprising the divestment fee<sup>33</sup> of S\$131,000<sup>34</sup> in relation to the Existing SHS Divestment payable to the Manager pursuant to the Trust Deed (which shall be payable in Units (the “**Existing SHS Divestment Fee Units**”)) as well as the professional and other fees and expenses of approximately S\$187,000<sup>35</sup> in connection with the Existing SHS Divestment, is estimated to be approximately S\$318,000 (the “**Existing SHS Divestment Cost**”).

#### **5.5 Method of Financing**

The Manager intends to finance the cash portion of the Existing SHS Divestment Cost via a drawdown from First REIT’s committed debt facility.

#### **5.6 Conditions Precedent for the Completion of the Existing SHS Divestment**

Completion of the divestment of the Existing SHS is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 5.6.1** the execution of the New SHS Master Lease Agreement, the Termination Agreement, the Development Works Agreement, the Plot B CSPA, the Deed of Indemnity and the Put Option Agreement by the relevant parties;
- 5.6.2** the passing at an extraordinary general meeting of Unitholders of a resolution to approve the Transaction;
- 5.6.3** the passing at a general meeting of Unitholders of a resolution prior to the completion of the Existing SHS Divestment to separately approve the sale of the Existing SHS, on the terms and conditions set out in the Existing SHS CSPA, if such separate approval of Unitholders is required under the prevailing laws, regulations and guidelines that apply to First REIT, including (but not limited to) the Property Funds Appendix and the Listing Manual;
- 5.6.4** PT SK securing sufficient financing to undertake the Transaction and the agreements for such financing not having been terminated and being unconditional in all respects;

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32 Appraised by Rengganis.

33 Being 0.5% of the Existing SHS Sale Consideration net of the final tax of 5%.

34 Based on the assumption that the Existing SHS Sale Consideration will be S\$27.50 million (Rp. 265.45 billion). The rupiah exchange rate is based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.

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

- 5.6.5 the SLF and the necessary hospital operation permits and licences for the operation of the New SHS having been validly issued and remaining valid and in full force and effect;
- 5.6.6 the parties obtaining a cover note from the relevant Notary in Indonesia stating among others, that (i) the legal title of PT SK over the New SHS HGB Land Titles; and (ii) the New SHS HGB Land Titles by the authorized Land Office under the name of PT SK have no recordation of any encumbrances (including mortgage), seizure or dispute in the relevant land office;
- 5.6.7 PT SK obtaining a Land Registration Confirmation Letter (*Surat Keterangan Pendaftaran Tanah*) from the competent Land Office confirming, among others, (a) the valid ownership of the New SHS HGB Land Titles by PT SK; (b) the total area of the New SHS HGB Land Titles; (c) the validity of the New SHS HGB Land Titles and (d) there is no recordation of any encumbrances (including mortgage), seizure or dispute in the relevant land book; and
- 5.6.8 the completion of the New SHS Acquisition in accordance with the terms of the Development Works Agreement.

## 6. INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

As at 20 October 2015, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 33.61% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a “Controlling Unitholder”<sup>36</sup> of First REIT and a “Controlling Shareholder”<sup>37</sup> of the Manager respectively under both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, PT SK, 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<sup>38</sup> and Interested Party<sup>39</sup> of First REIT.

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36 “**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.

37 “**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.

38 As defined in the Listing Manual, means:

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

39 As defined in the Property Funds Appendix, means:

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



Given:

- (i) the Plot B Sale Consideration of S\$8.20 million (Rp. 79.15 billion)<sup>40</sup> (which is 1.1% of the net tangible assets (“NTA”) and NAV respectively of First REIT as at 31 December 2014);
- (ii) the value of the Development Works (including the Progress Payments) and the New SHS Acquisition are S\$90.00 million (Rp. 873.19 billion)<sup>41</sup> (which is 12.08% of the NTA and NAV respectively of First REIT as at 31 December 2014);
- (iii) the value of the New SHS Master Lease is approximately S\$135.11 million (Rp. 1,310.57 billion)<sup>42</sup> (which is 18.14% of the NTA and NAV respectively of First REIT as at 31 December 2014); and
- (iv) the Existing SHS Sale Consideration of S\$27.50 million (Rp. 265.45 billion)<sup>43</sup> (which is 3.69%<sup>44</sup> of the NTA and NAV respectively of First REIT as at 31 December 2014),

the value of the Transaction 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 Transaction will constitute an Interested Person Transaction<sup>45</sup> under Chapter 9 of the Listing Manual and an Interested Party Transaction<sup>46</sup> 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 Transaction.

## 7. RATIONALE FOR THE TRANSACTION

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

### 7.1 Asset Swap of the Existing SHS which was constructed in 1977 for a brand new and modern hospital building within an integrated development in the heart of Surabaya

In recent years, three new hospitals commenced operations in Surabaya, East Java, Indonesia, namely (i) the Royal Hospital (opened in 2012), (ii) RSUD Soewandhi, a new public hospital (opened in 2013) and (iii) the Mitra Family Hospital No. 3 (opened in 2014). In addition to the new hospitals, the other existing hospitals within the Surabaya region have also upgraded their facilities in 2014. For instance, RS Premier Surabaya recently

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40 Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Plot B CSPA.

41 Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.

42 Based on the illustrative rupiah exchange rate of S\$1.00 to Rp.9,700 (the “**Illustrative Rupiah Exchange Rate**”), being the agreed rupiah exchange rate set out in the New SHS Master Lease Agreement. Unless otherwise stated, all conversions of Rp. amounts into S\$ in this announcement shall be based on the Illustrative Rupiah Exchange Rate and all amounts in Rp. and S\$ in this announcement shall, where such amount exceeds one million, be rounded to one decimal number.

43 Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.

44 Based on the assumption that the Existing SHS Sale Consideration is S\$27.50 million (Rp. 265.45 billion).

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

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

opened its nine bed stroke unit and RKZ Surabaya moved its paediatrics clinic which is now adjacent to their existing hospital compound. This has increased competitiveness in the healthcare industry in Surabaya.

As the Existing SHS was constructed in 1977, the existing facilities and infrastructure at the Existing SHS are outdated. The Existing SHS suffers from a shortage of car parks to serve visiting patients and staff. As a result, off-site car parks have to be arranged to transport patients and staff. The Manager had also considered undertaking an asset enhancement scheme on the Existing SHS but after careful consideration, the Manager believes that the Asset Swap is a more viable alternative. Once the New SHS is completed, it will be one of the most modern and advanced hospital in Surabaya and the Manager is of the view that the New SHS would enhance the brand image of “Siloam Hospitals”.

This Transaction is in line with the Manager’s strategy to rejuvenate its property portfolio by divesting its oldest asset and acquiring a brand new and modern hospital. The weighted average age of properties of the Enlarged Portfolio will decrease from approximately 10.1 years from that of the Existing Portfolio<sup>47</sup> as at 31 December 2014 to approximately 8.2 years after the completion of the Transaction.

In light of the competition from existing and upcoming new hospitals in the region, the Manager is of the view that the Transaction is necessary to maintain and enhance the market share of First REIT in Surabaya.

## **7.2 The Development Works and the construction of the New SHS will be carried out by the Sponsor, one of the largest and most recognised property developers in Indonesia**

The Development Works and the construction of the New SHS will be carried out by the Sponsor, whom the Manager notes is one of the largest and most recognised property developers in Indonesia and has, unlike First REIT, the expertise and track record to carry out the Development Works and the construction of the New SHS.

The Manager also believes that the terms which the Sponsor has agreed to, including the fixed New SHS Consideration (which is not subject to any increase in the event of cost overruns), a rate of return of 6.0% per annum on the Progress Payments, and the provisions of the Deed of Indemnity and the Bank Guarantee, are favourable to First REIT and will minimise First REIT’s funding cost and project development risk in relation to the Transaction.

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

### **7.3 Increased income stability of First REIT through the New SHS Master Lease Agreement for a term of 15 years as compared to the Existing SHS's Master Lease which commenced about 9 years ago and an increase in First REIT's weighted average lease to expiry**

The New SHS Master Lease will be beneficial to First REIT as the New SHS is expected to provide stability to First REIT's Gross Rental Income<sup>48</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 New SHS 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 New SHS, security deposits equivalent to six months of the New SHS' annual rental payable (amounting to S\$4.05 million (Rp. 39.29 billion)) will be made to First REIT in the form of bankers' guarantees. This security deposit amount will be adjusted at the relevant rent review dates.

The New SHS 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 the Existing Portfolio are between 10 to 15 years. After the completion of the Transaction, First REIT will benefit from the increase in the Enlarged Portfolio's<sup>49</sup> weighted average lease to expiry based on secured Gross Rental Income with the New SHS contributing 5.3% of First REIT's total Gross Rental Income under the New SHS Master Lease Agreement. The weighted average lease to expiry of the Enlarged Portfolio will increase from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2014 to approximately 11.3 years after the completion of the Transaction.

### **7.4 Increased absolute size of First REIT's asset base which will raise the profile of First REIT among global investors and an increased portfolio size in terms of lettable floor area and property income which enhances First REIT's competitive positioning and ability to pursue future acquisitions**

First REIT's asset size will grow from S\$1.17 billion as at 31 December 2014 to S\$1.24 billion after the completion of the Transaction. The value of First REIT's Deposited Property is expected to increase by 4.96% from S\$1.21 billion as at 31 December 2014 to S\$1.27 billion after the completion of the Transaction and there will also be a 6.0% increase in the total GFA from 251,339 sq m before the Transaction to 266,358 sq m after the completion of the Transaction. The maximum number of hospital beds for the Indonesia properties will increase by 11.40% from 2,878 to 3,206.

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.

With an enlarged asset base, the operator of the New SHS will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

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

49 "Enlarged Portfolio" consists of the New SHS and the Existing Portfolio (excluding the Existing SHS).

## 7.5 Steady rental income from the Existing SHS throughout the development of the New SHS until First REIT takes possession of the New SHS

While the Development Works take place, First REIT will continue to receive the rental income from the Sponsor in full. In addition to the steady rental income, First REIT will also receive a rate of return of 6.0% per annum for the Progress Payments from PT SK<sup>50</sup>, which will cover First REIT's cost of capital for the Progress Payments. Unitholders will also be protected from the development risks in relation to the Development Works, as First REIT will, pursuant to the Deed of Indemnity, be indemnified by PT WJP for all losses which may be incurred by the Trustee in connection with the Development Works, and the Bank Guarantee will also act as additional security in relation to the Progress Payments paid by First REIT. In addition, the Put Option Agreement also serves as additional protection to First REIT from the date on which PT TPI takes possession of the New SHS until the Strata Title Certificates are issued.

## 8. MAJOR TRANSACTIONS

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

8.1.1 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:

- (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.

8.1.2 The relative figures for the Plot B Divestment using the applicable bases of comparison described in sub-paragraphs 8.1.1(i) and 8.1.1(ii) are set out in the table below.

Comparison of:	Plot B Divestment	First REIT	Relative Figure
Net asset value	S\$7.63 million	S\$744.95 million	1.02%
Sale Consideration against First REIT's market capitalisation	Plot B: S\$8.20 million (Rp. 79.15 billion) <sup>(1)</sup>	S\$1,007.84 million	0.81%

**Note:**

- (1) Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Plot B CSPA.

50 For the avoidance of doubt, PT SK will not pay PT TPI the rate of return of 6.0% per annum for the Final Progress Payment.

8.1.3 The relative figures for the New SHS Acquisition using the applicable bases of comparison described in sub-paragraphs 8.1.1(i) and 8.1.1(ii) are set out in the table below.

Comparison of:	New SHS Acquisition	First REIT	Relative Figure
Profits (S\$'000) <sup>(1)</sup>	S\$8.10 million <sup>(2)</sup>	S\$91.90 million <sup>(3)</sup>	8.81%
Purchase Consideration against First REIT's market capitalisation	S\$90.00 million (Rp. 873.19 billion) <sup>(4),(5)</sup>	S\$1,007.84 million <sup>(6),(7)</sup>	8.93%

**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\$8.10 million (Rp. 78.57 billion) under the master lease of the New SHS, less property expenses.
- (3) Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2014 ("FY2014", and the audited consolidated financial statements of First REIT and its subsidiaries for FY2014, the "FY2014 Audited Consolidated Financial Statements").
- (4) Does not include transaction costs.
- (5) Based on the Bank Indonesia selling rate of S\$1.00 to Rp. 9,702.120 on 15 October 2015, being the agreed rupiah exchange rate set out in the Development Works Agreement.
- (6) Based on the closing price of S\$1.345 per Unit on the SGX-ST as at the date preceding this announcement.
- (7) Based on Units in issue as at the date preceding this announcement.

8.1.4 The relative figures for the Existing SHS Divestment using the applicable bases of comparison described in sub-paragraphs 8.1.1(i) and 8.1.1(ii) are set out in the table below.

Comparison of:	Existing SHS Divestment	First REIT	Relative Figure
Net asset value	S\$25.57 million	S\$744.95 million	3.43%
Sale Consideration against First REIT's market capitalisation	Existing SHS: S\$27.50 million (Rp. 265.45 billion) <sup>(1),(2)</sup>	S\$1,007.84 million	2.73%

**Notes:**

- (1) Based on the assumption that the Existing SHS Sale Consideration will be S\$27.50 million (Rp. 265.45 billion).
- (2) Based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.

## 9. PRO FORMA FINANCIAL INFORMATION

### 9.1 Pro Forma Financial Effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment

#### FOR ILLUSTRATIVE PURPOSES ONLY:

**The Pro Forma Financial Effects are for illustrative purposes and does not represent First REIT's Financial Effects following completion of the Transaction.**

The pro forma financial effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment presented below are **strictly for illustrative purposes only** and were prepared based on:

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

assuming, in relation to the period from 1 December 2015 to 31 May 2019:

- (a) the Plot B Divestment Cost comprising the Plot B Divestment Fee, professional fees and other expenses are S\$133,000;
- (b) the New SHS Acquisition Cost, comprising the New SHS Consideration, the New SHS Acquisition Fee, professional and other fees and expenses are S\$91.60 million;
- (c) the Existing SHS Sale Consideration will be S\$27.50 million and the Existing SHS Divestment Cost comprising the Existing SHS Divestment Fee, professional fees and other expenses will be S\$318,000<sup>51</sup>;
- (d) First REIT will, upon completion of the New SHS Acquisition, revalue the New SHS to the fair value of S\$103.00 million, based on the valuation of the New SHS by W&R, who is appointed by the Manager;
- (e) the New SHS Consideration will be paid to PT SK a combination of debt and equity and the cost of debt is assumed to be 4.50% per annum;
- (f) an assumed issue price of S\$1.2697 per Unit in relation to the Plot B Divestment Fee, New SHS Acquisition Fee and Existing SHS Divestment Fee;
- (g) the management fees payable to the Manager pursuant to the Trust Deed were paid in the form of new Units issued to the Manager, at an assumed issue price of S\$1.2697 per Unit;
- (h) the Trustee's fees are computed based on 0.03% per annum of the total assets of First REIT;
- (i) income tax relating to the corporate tax is incurred by the special purpose companies incorporated in Indonesia on the rental income earned at a rate of

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51 Based on the assumption that the Existing SHS Sale Consideration will be S\$27.50 million (Rp. 265.45 billion). The rupiah exchange rate is based on the Bank Indonesia mid-rate of S\$1.00 to Rp. 9,652.775 on 15 October 2015, being the agreed rupiah exchange rate set out in the Existing SHS CSPA.

10.0%. The income tax on interest income earned on cash balances with the bank and the return on the Progress Payments are at a rate of 20.0% and 25.0% respectively;

- (j) withholding tax on dividend and interest payment relating to tax withheld by the special purpose companies incorporated in Indonesia on the dividend and interest payment to special purpose companies incorporated in Singapore at a reduced rate of 10.0% under the tax treaty between Singapore and Indonesia;
- (k) the pro forma financials did not take into account the time value of money;
- (l) the valuation method used by the independent property valuers for the valuation of Plot B and Plot C is the market approach of comparable land transactions;
- (m) the accounting policies and methods of computation applied to the pro forma financials are consistent to those applied in the audited statements for the financial year ended 31 December 2014 and the accounting standards applicable as at the date of this announcement;
- (n) the purchase price and appraised value of the Existing SHS was S\$16.80 million as at 11 December 2006 and S\$33.20 million as at 31 December 2014 respectively. The gain on revaluation of the Existing SHS amounted to S\$16.40 million was recognised in the accounts over the past years. The accounting net gain on the divestment before tax of Plot B and Plot C is approximately S\$0.40 million and S\$1.60 million respectively. There is a 5.0% final tax on the sales proceeds of Plot B and Plot C. The date of the disposal of Plot B and Plot C is assumed to be 1 December 2015 and 31 May 2019 respectively;
- (o) the rental amount for the New SHS is S\$8.10 million (Rp 78.57 billion), and the New SHS Master Lease Agreement provides for First REIT to receive the equivalent amount of Singapore dollars (i.e. S\$8.10 million) rental income in Indonesian Rupiah. As such, there will be no foreign exchange difference for the period as it cannot be reasonably estimated despite the existence of this forward rate. Hence, the fair value of this forward foreign exchange factor is not accounted for; and
- (p) no value has been attributed to the Put Option under the Put Option Agreement on the assumption that the Put Option is unlikely to be exercised.

## **9.2 Financial Year ended 31 December 2014**

### **Pro Forma DPU**

The pro forma financial effects of (i) the Plot B Divestment and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment on the distribution per Unit (“DPU”) for FY2014, as if First REIT had purchased and/or divested the relevant properties on 1 January 2014, and held and operated the relevant properties through to 31 December 2014, are as follows:

**Effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment**

	<b>Before the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment<sup>(1)</sup></b>	<b>After the Plot B Divestment but before the New SHS Acquisition and Existing SHS Divestment</b>	<b>After the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment</b>
Distributable Income (S\$'000) <sup>(2)</sup>	58,221	58,272	63,651
Units in issue and to be issued	731,702,488	731,733,241 <sup>(2)</sup>	747,808,238 <sup>(2)</sup>
DPU (cents)	8.05	7.96 <sup>(3)</sup>	8.51

**Notes:**

- (1) Based on the FY2014 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 17,618,611 Units issued from 1 January 2015 to the Latest Practicable Date.
- (3) The pro forma DPU does not take into account the net gain on the divestment of Plot B which will be used to finance part of the First Progress Payment of the New SHS instead of being distributed to Unitholders.

**Pro Forma NAV per Unit**

The pro forma financial effects of (i) the Plot B Divestment and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment on the NAV per Unit as at 31 December 2014, as if First REIT had purchased and/or divested the relevant properties on 31 December 2014, are as follows:

**Effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment**

	<b>Before the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment<sup>(1)</sup></b>	<b>After the Plot B Divestment but before the New SHS Acquisition and Existing SHS Divestment</b>	<b>After the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment</b>
NAV (S\$'000)	744,950	745,550	779,245
Units in issue and to be issued	731,702,488	731,733,241 <sup>(2)</sup>	747,808,238 <sup>(2)</sup>
NAV per Unit (cents)	101.81	101.89	104.20

**Notes:**

- (1) Based on the FY2014 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 17,618,611 Units issued from 1 January 2015 to the Latest Practicable Date.



## Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2014, as if First REIT had completed (i) the Plot B Divestment only, and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment, on 31 December 2014.

	As at 31 December 2014		
	Actual	As adjusted for the Plot B Divestment	As adjusted for the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment
	(S\$'000)	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>			
Unsecured	26,485	26,485	26,485
Secured	-	-	-
Total short-term debt	26,485	26,485	26,485
<b>Long-term debt:</b>			
Unsecured	99,137	99,137	99,137
Secured	270,953	270,953	298,353
Total long-term debt	370,090	370,090	397,490
Total Debt	396,575	396,575	423,975
Unitholders funds	744,950	745,550	779,245
<b>Total Capitalisation</b>	<b>1,141,525</b>	<b>1,142,125</b>	<b>1,203,220</b>

### 9.3 Nine Months ended 30 September 2015

#### Pro Forma DPU

The pro forma financial effects of (i) the Plot B Divestment and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment on the DPU for the nine months ended 30 September 2015, as if First REIT had purchased and/or divested the relevant properties on 1 January 2015, and held and operated the relevant properties through to 30 September 2015, are as follows:

**Effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment**

	<b>Before the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment<sup>(1)</sup></b>	<b>After the Plot B Divestment but before the New SHS Acquisition and Existing SHS Divestment</b>	<b>After the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment</b>
Distributable Income (S\$'000) <sup>(2)</sup>	46,256	46,307	50,340
Units in issue and to be issued	748,050,271	748,081,024 <sup>(2)</sup>	764,156,021 <sup>(2)</sup>
DPU (cents)	6.21	6.19 <sup>(3)</sup>	6.59

**Notes:**

- (1) Based on the 9M2015 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 1,270,828 Units issued from 1 October 2015 to the Latest Practicable Date.
- (3) The pro forma DPU does not take into account the net gain on the divestment of Plot B which will be used to finance part of the First Progress Payment of the New SHS instead of being distributed to Unitholders.

**Pro Forma NAV per Unit**

The pro forma financial effects of (i) the Plot B Divestment and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment on the NAV per Unit as at 30 September 2015, as if First REIT had purchased and/or divested the relevant properties on 30 September 2015, are as follows:

**Effects of the Plot B Divestment, the New SHS Acquisition and Existing SHS Divestment**

	<b>Before the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment<sup>(1)</sup></b>	<b>After the Plot B Divestment but before the New SHS Acquisition and Existing SHS Divestment</b>	<b>After the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment</b>
NAV (S\$'000)	763,124	763,724	796,279
Units in issue and to be issued	748,050,271	748,081,024 <sup>(2)</sup>	764,156,021 <sup>(2)</sup>
NAV per Unit (cents)	102.02	102.09	104.20

**Notes:**

- (1) Based on the 9M2015 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 1,270,828 Units issued from 1 October 2015 to the Latest Practicable Date.

## Pro Forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2015, as if First REIT had completed (i) the Plot B Divestment only, and (ii) the Plot B Divestment, the New SHS Acquisition and the Existing SHS Divestment, on 30 September 2015.

	<b>As at 30 September 2015</b>		
	<b>Actual</b>	<b>As adjusted for the Plot B Divestment</b>	<b>As adjusted for the Plot B Divestment, New SHS Acquisition and Existing SHS Divestment</b>
	(S\$'000)	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>			
Unsecured	-	-	-
Secured	-	-	-
Total short-term debt	-	-	-
<b>Long-term debt:</b>			
Unsecured	99,321	99,321	99,321
Secured	298,762	298,762	326,162
Total long-term debt	398,083	398,083	425,483
Total Debt	398,083	398,083	425,483
Unitholders funds	763,124	763,724	796,279
<b>Total Capitalisation</b>	<b>1,161,207</b>	<b>1,161,807</b>	<b>1,221,762</b>

## 10. OTHER INFORMATION

### 10.1 Interests of Directors and Substantial Unitholders<sup>52</sup>

#### 10.1.1 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	1,101,260	0.1470	-	-	1,101,260	0.1470
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Wong Gang	-	-	-	-	-	-
Mr Ketut Budi Wijaya	-	-	-	-	-	-
Dr Ronnie Tan Keh Poo <sup>(2)</sup>	73,606	0.0098	10,947,281	1.4610	11,020,887	1.4708

**Notes:**

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

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

#### 10.1.2 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	167,186,760	22.31	-	-	167,186,760	22.31
PT Menara Tirta Indah	44,056,264	5.88	-	-	44,056,264	5.88
The Manager	40,585,833	5.42	-	-	40,585,833	5.42
PT Primakreasi Propertindo <sup>(2)</sup>	-	-	44,056,264	5.88	44,056,264	5.88

<sup>52</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 Sentra Dwimandiri <sup>(3)</sup>	-	-	167,186,760	22.31	167,186,760	22.31
The Sponsor <sup>(4)</sup>	-	-	251,828,857	33.61	251,828,857	33.61

**Notes:**

- (1) Percentage interest is based on 749,321,099 Units in issue as at the date of this announcement.
- (2) PT Primakreasi Propertindo is deemed to be interested in the Units held by its wholly-owned subsidiary, PT Menara Tirta Indah (please see table above).
- (3) PT Sentra Dwimandiri is deemed to be interested in the Units held by its subsidiary, Bridgewater International Ltd (please see table above).
- (4) The Sponsor is deemed to be interested in (i) the Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd (please see table above); (ii) the Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah (please see table above); and (iii) the 40,585,833 Units held by the Manager (please refer to the table above).

As at the date of this announcement, the Sponsor, through its indirect wholly-owned subsidiaries Bridgewater International Ltd. and PT Menara Tirta Indah and through its 100.0% interest in the Manager, holds an aggregate indirect interest of 33.61% in First REIT and is deemed to be a Controlling Unitholder of First REIT.

## 10.2 Directors' Service Contracts

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

## 10.3 Existing Interested Person Transactions

First REIT has not entered into any Interested Person Transactions, 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.

## 10.4 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 (i) the Plot B Divestment, (ii) the Development Works and the New SHS Acquisition, (iii) the Put Option, (iv) the Existing SHS Divestment and (v) the New SHS Master Lease, which collectively make up the Transaction, are (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 (i) the Plot B Divestment, (ii) the Development Works and the New SHS Acquisition, (iii) the Put Option, (iv) the Existing SHS Divestment and (v) the New SHS Master Lease, which collectively make up the Transaction, after taking into account the opinion of the IFA.

## 11. 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 to be issued in relation to the Transaction ("Unitholders' Circular") seeking approval of Unitholders for the Transaction<sup>53</sup>:

- (i) the Plot B CSPA;
- (ii) the Development Works Agreement (which contains the form of the Bank Guarantee);
- (iii) the final form of the New SHS Master Lease Agreement;
- (iv) the Existing SHS CSPA;
- (v) the Put Option Agreement;
- (vi) the Deed of Indemnity;
- (vii) the full valuation report on Plot B, the New SHS and the Existing SHS issued by W&R;
- (viii) the full valuation report on Plot B, the New SHS and the Existing SHS issued by Winarta;
- (ix) the desktop valuation certificate on Plot B, the New SHS and the Existing SHS issued by RAB & P;
- (x) the FY2014 Audited Consolidated Financial Statements; and
- (xi) the 9M2015 Unaudited Consolidated Financial Statements.

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

## 12. FURTHER DETAILS

The Unitholders' Circular in relation to the Transaction, 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.

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<sup>53</sup> Prior appointment with the Manager (telephone: +65 6435 0168) will be appreciated.

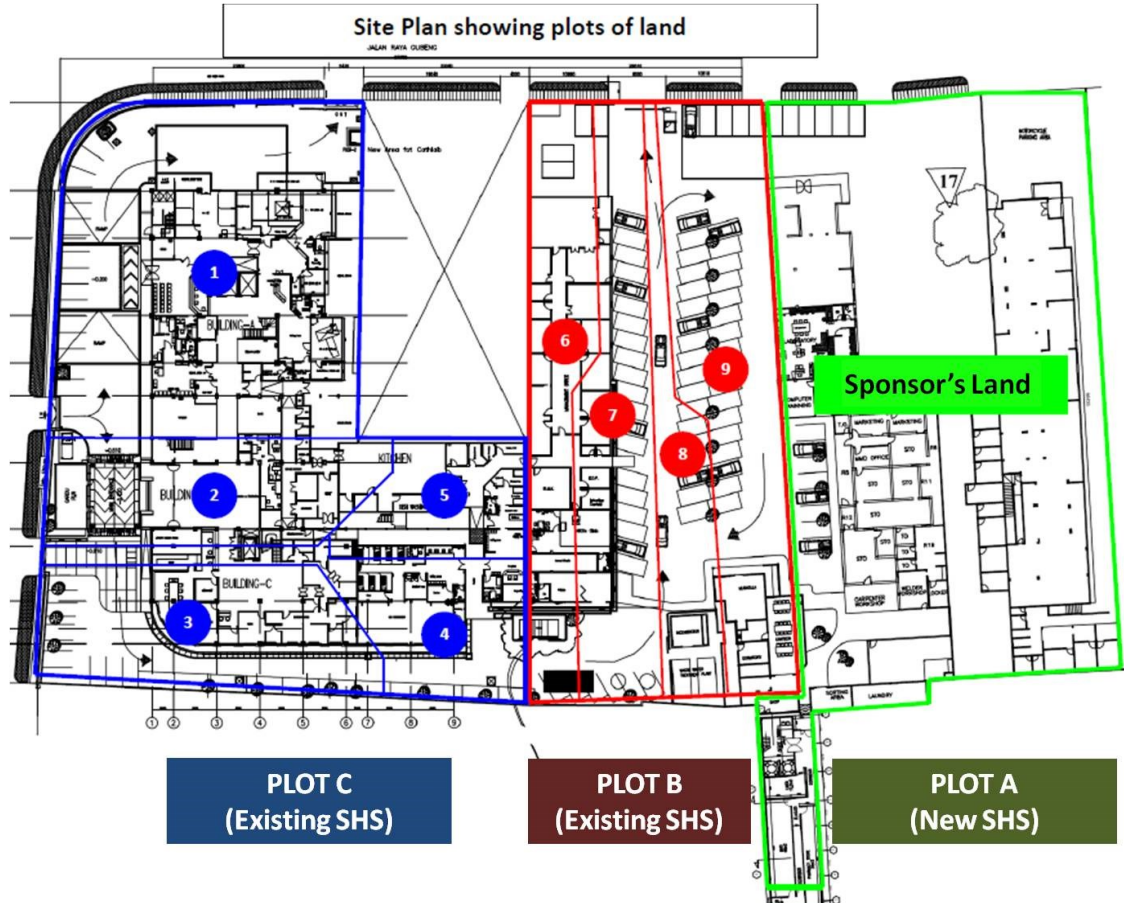
By Order of the Board

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

21 October 2015

**APPENDIX A**  
**Site plan for the proposed Development Works and the building plan of the**  
**Development Works**

The picture below illustrates the site plan for the Development Works:



**Note:**

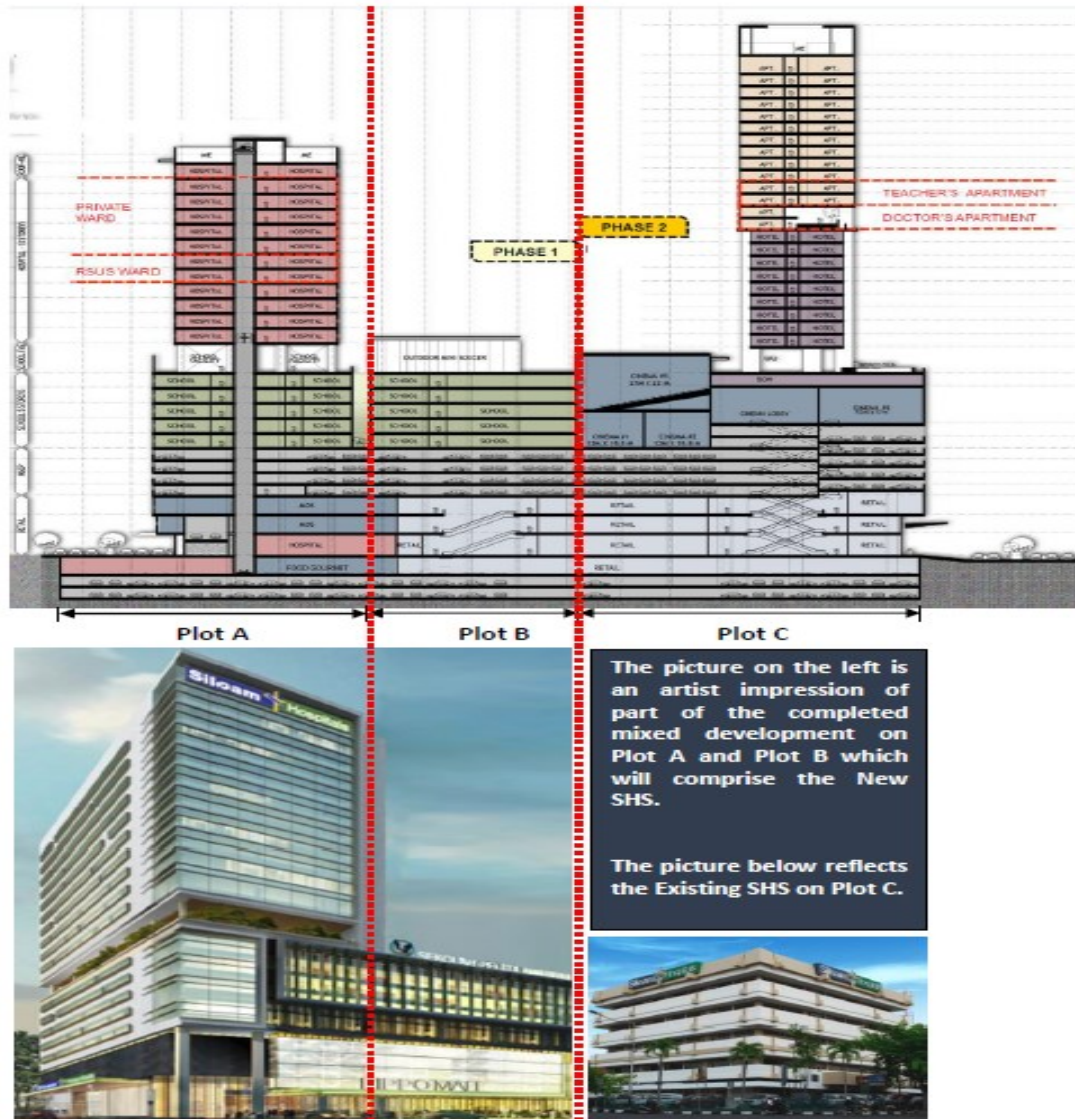
(1) The numbers 1 to 9 referred in the site plan are the plots of the HGB land titles which the Existing SHS is situated. The following table provides details of the Plot C HGB Land Titles and the Plot B HGB Land Titles:

No.	HGB Certificate Number	Land Area (sq m)
<b>PLOT C HGB LAND TITLES</b>		
1.	HGB No. 343/Gubeng	1,891
2.	HGB No. 340/Gubeng	641
3.	HGB No. 408/Gubeng	635
4.	HGB No. 494/Gubeng	684
5.	HGB No. 476/Gubeng	455
	<b>SUB-TOTAL</b>	<b>4,306</b>
<b>PLOT B HGB LAND TITLES</b>		
6.	HGB No. 325/Gubeng	796
7.	HGB No. 243K/Gubeng	488
8.	HGB No. 264/Gubeng	364



9.	HGB No. 410/Gubeng	908
	<b>SUB-TOTAL</b>	<b>2,556</b>
	<b>TOTAL</b>	<b>6,862</b>

The proposed building plan of the Development Works and the Plot C development is set out below for illustrative purposes only.

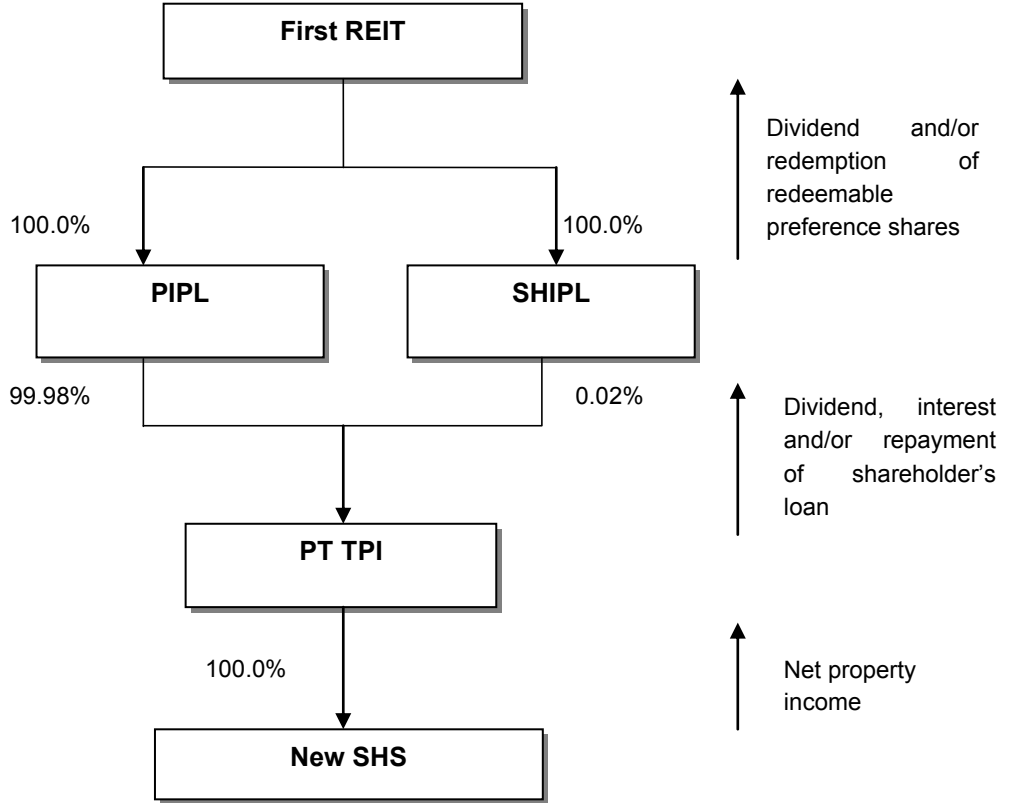


**Note:**

- (1) The picture above is an artist's impression of the proposed integrated development to be constructed pursuant to the Development Works and may differ from the actual view once the Development Works are completed.

**APPENDIX B**

**Chart illustrating the structure under which the New SHS will be held by First REIT upon completion of the New SHS 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.