



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

THE PROPOSED DIVESTMENT OF SILOAM HOSPITALS SURABAYA THROUGH THE DIVESTMENT OF A PROPERTY HOLDING COMPANY, AS AN INTERESTED PERSON TRANSACTION

1. INTRODUCTION

- 1.1 First REIT Management 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 Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., each of which is a direct wholly-owned subsidiary of Perpetual (Asia) Limited (in its capacity as trustee of First REIT) (the “**Trustee**”) (collectively, the “**Vendors**”), have today entered into a conditional sale and purchase agreement (the “**Conditional Sale and Purchase Agreement**”) with PT Siloam International Hospitals Tbk (“**Siloam**”) and PT Megapratama Karya Bersama (“**MKB**”) (which is a company in which Siloam directly holds a 99.99% interest and PT. Lippo Karawaci Tbk (“**LPKR**”) indirectly holds a 0.01% interest) (collectively, the “**Purchasers**”) for the proposed divestment by the Vendors to the Purchasers of 100.0% of the issued and paid-up share capital of PT Tata Prima Indah (“**PT TPI**”, and 100.0% of the issued and paid-up share capital of PT TPI, the “**Sale Shares**”), for a divestment consideration of Rp.430.0 billion (approximately S\$40.9 million¹) (subject to post-completion adjustments) (the “**Divestment Consideration**”) (the “**Proposed Divestment**”).
- 1.2 PT TPI owns a 100.0% interest in Siloam Hospitals Surabaya located at Jalan Raya Gubeng No. 70, Sub-District of Gubeng, District of Gubeng, City of Surabaya, Province of East Java, Indonesia and the land on which Siloam Hospitals Surabaya is situated, comprising “Right to Build” (*Hak Guna Bangunan* or “**HGB**”) title certificate² No. 340/Gubeng, HGB No. 343/Gubeng, HGB No. 408/Gubeng, HGB No. 476/Gubeng and HGB No. 494/Gubeng (“**Siloam Hospitals Surabaya**”).

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- 1 For illustrative purposes, certain Indonesia rupiah amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations are as at 11 May 2022, being the latest practicable date prior to this Announcement (the “**Latest Practicable Date**”), and have been made based on the illustrative exchange rate of S\$1.00 = Rp.10,526. Such translations should not be construed as representations that Indonesia rupiah amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all. Any discrepancies in the tables, graphs and charts included in this Announcement between the listed amounts and totals thereof are due to rounding.
- 2 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. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia.

2. THE PROPOSED DIVESTMENT OF A 100.0% INTEREST IN SILOAM HOSPITALS SURABAYA

2.1 Description of Siloam Hospitals Surabaya

Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006 for S\$16.8 million (approximately Rp.176.8 billion¹) as part of its initial portfolio and consists of five integrated purpose-built hospital buildings ranging from two to five storeys.

The following table sets out a summary of selected information on Siloam Hospitals Surabaya as at the Latest Practicable Date, unless otherwise stated.

Location	Jalan Raya Gubeng No. 70, Sub-District of Gubeng, District of Gubeng, City of Surabaya, Province of East Java, Indonesia
Title	Five HGB titles comprising: (i) title certificate HGB No. 340/Gubeng; (ii) title certificate HGB No. 343/Gubeng; (iii) title certificate HGB No. 408/Gubeng; (iv) title certificate HGB No. 476/Gubeng; and (v) title certificate HGB No. 494/Gubeng
Year of Building Completion	1977
Land Area (square metres ("sq m"))	4,306
Gross Floor Area ("GFA") (sq m)	9,065
Number of Hospital Beds	162
Centre of Excellence	Cardiology, Emergency & Trauma
Independent Valuation by Cushman & Wakefield VHS Pte. Ltd., in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan ("C&W") (as at 31 January 2022)⁽¹⁾	Rp.430,820,000,000 (approximately S\$40.9 million)
Independent Valuation by KJPP Willson & Rekan in association with Knight	Rp.428,335,000,000 (approximately S\$40.7 million)

¹ Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.

Frank (“Knight Frank”) (as at 31 January 2022)⁽¹⁾	
Average of the Two Independent Valuations	Rp.429,577,500,000 (approximately S\$40.8 million)
Divestment Consideration	Rp.430.0 billion (approximately S\$40.9 million), subject to post-completion adjustments

Note:

(1) C&W and Knight Frank (collectively, the “**Independent Valuers**”) relied on the discounted cash flow method of valuation.

2.2 Divestment Consideration and Valuation

The Trustee has commissioned an independent valuer, C&W, and the Manager has commissioned an independent valuer, Knight Frank, to respectively value Siloam Hospitals Surabaya.

The agreed property value for Siloam Hospitals Surabaya, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers, is Rp.430.0 billion (approximately S\$40.9 million) (the “**Agreed Property Value**”) and represents an approximate 0.1% premium to the average of the two independent valuations of Siloam Hospitals Surabaya of Rp.429,577,500,000 (approximately S\$40.8 million) as at 31 January 2022.

In arriving at the open market values of Siloam Hospitals Surabaya, the Independent Valuers relied on the discounted cash flow method of valuation. This approach considers Siloam Hospitals Surabaya as an income producing property.

The Divestment Consideration is estimated to be Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments) based on the estimated net asset value (“**NAV**”) of PT TPI as at completion of the Proposed Divestment, taking into account the Agreed Property Value.

The Agreed Property Value represents a 143.2% premium over First REIT’s original purchase consideration of S\$16.8 million. After taking into account the estimated Total Divestment Cost (as defined below) and the estimated net book value of the Sale Shares as at the date of completion of the Proposed Divestment, the estimated net loss on the Proposed Divestment is approximately S\$0.6 million¹.

2.3 Estimated Total Divestment Cost

The estimated total cost of the Proposed Divestment (the “**Total Divestment Cost**”) is approximately S\$0.6 million, comprising:

¹ The estimated net loss is calculated by subtracting the net proceeds from the Proposed Divestment of approximately S\$40.3 million from the estimated net book value of the Sale Shares as at the date of completion of the Proposed Divestment of Rp.430.2 billion (approximately S\$40.9 million).

- (i) the divestment fee¹ payable to the Manager for the Proposed Divestment pursuant to the trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the “**Trust Deed**”) (the “**Divestment Fee**”) of approximately S\$0.2 million (being 0.5% of the Agreed Property Value); and
- (ii) the professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Divestment of approximately S\$0.4 million.

2.4 Use of Divestment Proceeds

The Proposed Divestment provides First REIT with the opportunity to optimise its capital structure and enhance long-term returns for holders of Units (“**Unitholders**”).

After taking into account the estimated Total Divestment Cost of approximately S\$0.6 million, the net proceeds from the Proposed Divestment would be approximately S\$40.3 million.

The net proceeds from the Proposed Divestment may be used to repay debt, finance any capital expenditure and asset enhancement works and/or general corporate and working requirements, and to distribute as capital gains.

2.5 Principal Terms and Conditions of the Conditional Sale and Purchase Agreement

The principal terms of the Conditional Sale and Purchase Agreement include, among others:

- (i) the following conditions precedent:
 - (a) the satisfaction of the following by First REIT:
 - (I) the approval of the audit and risk committee of First REIT;
 - (II) the approval of the board of directors of the Manager;
 - (III) the passing at a general meeting of First REIT of a resolution to approve the Proposed Divestment;
 - (IV) an opinion from the independent financial adviser; and
 - (V) other approvals (if required) including those of MAS and Singapore Exchange Securities Trading Limited (the “**SGX-ST**”);
 - (b) the satisfaction of the following by PT TPI:
 - (I) announcing the sale and purchase of the Sale Shares in at least one Indonesian language newspaper which is circulated nationally and to the employees of PT TPI (in writing) at least 30 days prior to the general

¹ As the Proposed Divestment is an Interested Party Transaction (as defined herein) under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”) (the “**Code on CIS**”, and Appendix 6 of the Code on CIS, the “**Property Funds Appendix**”), the Divestment Fee will be in the form of units in First REIT (“**Units**”) (the “**Divestment Fee Units**”) which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

- meeting of shareholders that will resolve the transferring of the Sale Shares to the Purchasers;
- (II) obtaining approval from the shareholders by convening a general meeting of shareholders or by way of circular resolutions in lieu of an extraordinary general meeting of shareholders, including the passing of ordinary or special resolutions, approving (I) the transfer and registration of the Sale Shares to the Purchasers and/or its nominee(s), (II) the change of the members of the board of directors and board of commissioners of PT TPI, (III) any other relevant resolutions necessary for the completion of the sale and purchase of the Sale Shares contemplated under the Conditional Sale and Purchase Agreement to the satisfaction of the Purchasers (acting reasonably);
 - (III) other approvals required by PT TPI based on its articles of association and other applicable regulations in Indonesia;
 - (IV) the granting of all required consents and approvals, including, without limitation, the consent of any and all creditors of PT TPI with respect to the sale and purchase of the Sale Shares as contemplated under the Conditional Sale and Purchase Agreement;
 - (V) having procured the discharge and release of the Existing Security Documents (as defined in the Conditional Sale and Purchase Agreement) and accordingly having received the release documents stating that all of the assets related to the Existing Security Documents are free of all claims, interests and encumbrances (if applicable); and
 - (VI) termination letter and/or settlement letter in relation to the shareholder loan agreement dated 23 October 2006 relating to the loan of S\$3,459,642.57 between Primerich Investments Pte. Ltd. (as a lender) and PT TPI (as a borrower);
- (c) the Draft Net Asset Statement (as defined in the Conditional Sale and Purchase Agreement) and the draft financial statement as of the date of completion of the Proposed Divestment having been provided to the Purchasers prior to or at the latest on the date of completion of the Proposed Divestment;
 - (d) any other condition as may be mutually agreed between the Vendors and the Purchasers; and
 - (e) fulfilment of any approval, documents, licence and permit relating to PT TPI (if necessary) as required based on the legal due diligence finding as conducted by the Purchasers; and
- (ii) the Divestment Consideration shall be paid in cash in the following manner:
 - (a) 10% of the Divestment Consideration to be paid to the Vendors by no later than two Business Days (as defined in the Conditional Sale and Purchase Agreement) after the execution of the Conditional Sale and Purchase Agreement, by way of telegraphic transfer to an account specified by the Vendors to the Purchasers in

writing or in such other manner as may be agreed upon between the Vendors and the Purchasers; and

- (b) the remaining 90% of the Divestment Consideration to be paid to the Vendors on completion of the Proposed Divestment, in accordance with the Conditional Sale and Purchase Agreement.

2.6 Payment of Divestment Fee in Units

The Manager shall be paid the Divestment Fee of approximately S\$0.2 million (being 0.5% of the Agreed Property Value) for the Proposed Divestment pursuant to the Trust Deed. As the Proposed Divestment is an Interested Party Transaction under the Property Funds Appendix, the Divestment Fee will be in the form of Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.

Based on an illustrative issue price of S\$0.3074 per Divestment Fee Unit, the number of Divestment Fee Units to be issued shall be approximately 664,444 Units.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

The Manager believes that the Proposed Divestment will bring, among others, the following key benefits to Unitholders.

3.1 Proposed Divestment Reaps Capital Gains and Recycles Capital in Alignment with the “First REIT 2.0 Growth Strategy”

The Proposed Divestment is in alignment with the “First REIT 2.0 Growth Strategy” to reshape the portfolio of First REIT for capital efficient growth and is an opportunity to recycle a mature asset that has been held within First REIT’s portfolio since First REIT’s initial public offering.

Siloam Hospitals Surabaya was part of First REIT’s initial property portfolio, acquired at a purchase price of S\$16.8 million (approximately Rp.176.8 billion¹)² on 11 December 2006. Based on the Agreed Property Value of Rp.430.0 billion, this translates to capital gains of 143.2%.

Purchase Consideration of Siloam Hospitals Surabaya on 11 December 2006	Independent Valuations of Siloam Hospitals Surabaya as at 31 January 2022			Agreed Property Value
	By C&W	By Knight Frank	Average of the Two Independent Valuations	
S\$16.8 million (approximately Rp.176.8 billion ⁽¹⁾ ⁽²⁾)	Rp.430.8 billion	Rp.428.3 billion	Rp.429.6 billion	Rp.430.0 billion (approximate 0.1% premium to the average of the two independent valuations)

Notes:

(1) Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.

1 Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.

2 When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006 for S\$16.8 million, Siloam Hospitals Surabaya comprised a larger land area of 6,862 sq m. On 11 March 2016, First REIT sold 2,556 sq m to PT Saputra Karya (“PT SK”), an indirect wholly-owned subsidiary of LPKR, for a purchase consideration of S\$8.2 million.

- (2) When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006 for S\$16.8 million, Siloam Hospitals Surabaya comprised a larger land area of 6,862 sq m. On 11 March 2016, First REIT sold 2,556 sq m to PT SK, an indirect wholly-owned subsidiary of LPKR, for a purchase consideration of S\$8.2 million.

The Trustee has commissioned an independent valuer, C&W, and the Manager has commissioned an independent valuer, Knight Frank, to respectively value Siloam Hospitals Surabaya. C&W, in its report dated 29 April 2022, stated that the open market value of Siloam Hospitals Surabaya as at 31 January 2022 was Rp.430.8 billion. Knight Frank, in its report dated 29 April 2022, stated that the open market value of Siloam Hospitals Surabaya as at 31 January 2022 was Rp.428.3 billion.

The Agreed Property Value for Siloam Hospitals Surabaya, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers, is Rp.430.0 billion and represents an approximate 0.1% premium to the average of the two independent valuations of Siloam Hospitals Surabaya of Rp.429.6 billion as at 31 January 2022.

3.2 Termination of the Development Works Agreement Resulted in Longer Runway to Replace the Aging Siloam Hospitals Surabaya with a Modern Development; Increase in Development Risk to Restart Development Works

As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya (the “**Development Works Site**”) to PT SK in connection with the development works to develop a new hospital (the “**Development Works**”), pursuant to a development works agreement entered into between PT TPI and PT SK on 20 October 2015 (the “**Development Works Agreement**”). Siloam Hospitals Surabaya was constructed in 1977 and faced increasing competition from new facilities, as well as existing healthcare competitors with upgraded facilities. It was intended that First REIT would have received a new healthcare facility by the first long stop date of 28 June 2020.

The road subsidence that took place on 18 December 2018 along Jalan Gubeng, Surabaya, which is in close proximity to Siloam Hospitals Surabaya (the “**Road Subsidence**”), had had a serious impact on the Development Works, which were no longer progressing. Pursuant to the Development Works Agreement, PT TPI had the right to terminate the Development Works Agreement in the event the Development Works remained uncompleted by 28 June 2020. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement. Accordingly, the desired outcome to swap the aging Siloam Hospitals Surabaya with a new healthcare facility did not materialise.

Since the Road Subsidence, the Manager commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields, to determine the possibility of conducting future construction works on the site should the project be revived.

Having concluded the studies and discussions between the stakeholders, it was determined that restarting the development works is a complex matter and though it could result in First REIT receiving a new healthcare facility at a much later time, it consequentially meant that First REIT would incur additional development cost and thereby take on excessive development risk. It was determined that such risk should not be borne by First REIT.

3.3 LPKR and/or Siloam to Undertake New Development Works for a New Healthcare Facility; Realistic that Siloam Hospitals Surabaya will be Vacated upon Completion of New Healthcare Facility

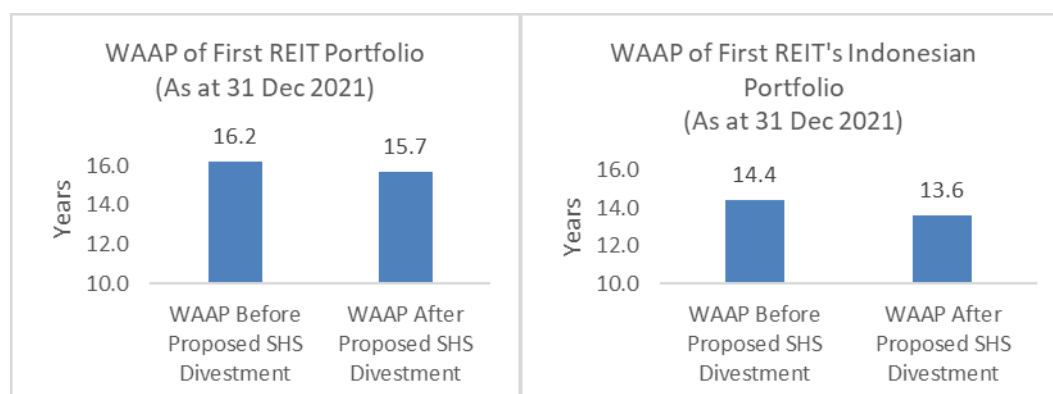
Following further discussions with LPKR, the Manager understands that either LPKR or Siloam, through its entities or otherwise, intend to continue the development works on the Development Works Site independently (the “**New Development Works**”).

Assuming the completion of the New Development Works, Siloam will likely commence operations within the new healthcare facility, adjacent to the existing Siloam Hospitals Surabaya. It is improbable that the tenants of the existing Siloam Hospitals Surabaya will continue their healthcare operations within the existing Siloam Hospitals Surabaya, when the New Development Works will yield a brand new healthcare facility. The existing Siloam Hospitals Surabaya will therefore likely be vacated by the tenants, in favour of the new healthcare facility.

On this basis, the Proposed Divestment is a prudent exit strategy and presents a holistic approach that resolves downstream complications.

3.4 Improvement in the Weighted Average Age of Property for First REIT

Following the Proposed Divestment, the weighted average age of property (“**WAAP**”)¹ for the portfolio of First REIT will improve from 16.2 years to 15.7 years as at 31 December 2021 and on a *pro forma* basis, including the Japan Nursing Homes². When compared against First REIT’s Indonesian portfolio of 16 assets, the WAAP of the Indonesian portfolio will improve from 14.4 years as at 31 December 2021, to 13.6 years.



1 WAAP is computed on a GFA basis.

2 On 1 March 2022, the Manager announced the completion of the acquisition from OUE Lippo Healthcare Limited (“**OUELH**”) of a 100.0% interest in 12 quality nursing homes located in Japan (the “**Japan Nursing Homes**”), resulting in an enlarged portfolio of 31 properties, with a combined GFA of 444,558 sq m.

4. REQUIREMENT OF INDEPENDENT UNITHOLDERS' APPROVAL

4.1 Interested Person Transaction¹ and Interested Party Transaction²

Under Chapter 9 of the listing manual of the SGX-ST (the "**Listing Manual**"), where First REIT proposes to enter into a transaction with an Interested Person³ and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same Interested Person during the same financial year) is equal to or exceeds 5.0% of First REIT's latest audited NTA, Unitholders' approval is required in respect of the transaction.

Based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2021 ("**FY2021**", and the audited consolidated financial statements of First REIT and its subsidiaries for FY2021, the "**FY2021 Audited Consolidated Financial Statements**"), the audited NTA of First REIT attributable to Unitholders was S\$591.1 million as at 31 December 2021. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by First REIT with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$29.6 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by First REIT which value (either in itself or when aggregated with the value of other transactions with the same Interested Party⁴ during the current financial year) exceeds 5.0% of First REIT's latest audited NAV.

Based on the FY2021 Audited Consolidated Financial Statements, the audited NAV attributable to Unitholders was S\$591.1 million as at 31 December 2021. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is, either in itself or in aggregate with all other earlier transactions entered into with the same Interested Party during the current financial year, equal to or greater than S\$29.6 million, such a transaction would be subject to Unitholders' approval.

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 904,238,993 (or approximately 44.09%) of the Units, and are therefore each regarded as a Controlling Unitholder⁵ of First REIT under both the Listing

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- 1 "**Interested Person Transaction**" means a transaction between an entity at risk and an Interested Person (as defined herein).
 - 2 "**Interested Party Transaction**" has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.
 - 3 The Listing Manual states that in the case of a REIT, the term "interested person" shall have the meaning ascribed to the term "interested party" in the Code on CIS. Therefore, the meaning of the term "**Interested Person**" is the same as the meaning of the term "**Interested Party**".
 - 4 As defined in the Property Funds Appendix, the term "**Interested Party**" means:
 - (a) a director, chief executive officer or Controlling Shareholder (as defined herein) of the manager, or the manager, the trustee, or Controlling Unitholder (as defined herein) of First REIT; or
 - (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of First REIT.
 - 5 "**Controlling Unitholder**" means a person who:
 - (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
 - (b) in fact exercises control over the property fund.

Manual and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder¹ of the Manager under both the Listing Manual and the Property Funds Appendix.

Based on the latest information available to the Manager as at 15 April 2022, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 41,174,201,028 (or approximately 58.08%) of the shares in LPKR.

As Siloam is a subsidiary of LPKR, by virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to have an interest of 30% or more of the shares in Siloam.

In addition, as Siloam is a subsidiary of LPKR and MKB is a company in which Siloam directly holds a 99.99% interest and LPKR indirectly holds a 0.01% interest, LPKR is deemed to be interested in 100.00% of the shares in MKB. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100.00% of the shares in MKB.

Accordingly, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, each of the Purchasers (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

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

Given that the aggregate value of the Proposed Divestment of approximately S\$40.9 million (which is approximately 6.9% of the audited NTA and audited NAV attributable to Unitholders as at 31 December 2021) exceeds the said thresholds, the Proposed Divestment is subject to the approval of the independent Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

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

As at the Latest Practicable Date, First REIT has not entered into any Interested Person Transactions during the course of the current financial year.

¹ “**Controlling Shareholder**” means a person who:

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

4.2 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Listing Manual

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

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by First REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (a) the NAV of the assets to be disposed of, compared with First REIT's NAV;
- (b) the net profits attributable to the assets acquired or disposed of, compared with First REIT's net profits;
- (c) the aggregate value of the consideration given or received, compared with First REIT's market capitalisation; and
- (d) the number of Units issued by First REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the transaction is classified as a discloseable transaction.

The relative figures computed on the applicable bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual in respect of the Proposed Divestment are as follows:

	Proposed Divestment (S\$ million)	First REIT (S\$ million)	Relative Figure (%)
<u>Rule 1006(a)</u> NAV of the assets to be disposed of, compared with First REIT's NAV	40.9	591.1 ⁽¹⁾	6.9
<u>Rule 1006(b)</u> Net Property Income ⁽²⁾	4.0 ⁽³⁾	100.2 ⁽¹⁾	4.0
<u>Rule 1006(c)</u> Aggregate value of the consideration given or received, compared with First REIT's market capitalisation based on the total number of issued Units	40.9 ⁽⁴⁾	S\$618.7 ^{(5),(6)}	6.6

Notes:

- (1) Based on the FY2021 Audited Consolidated Financial Statements.

- (2) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. “**Net Property Income**” consists of contracted rent under the master lease agreements which comprises of Gross Rental Income (where applicable) less other property expenses (where applicable).
- (3) Based on an assumed total net rental of approximately S\$4 million under the master lease agreement in respect of Siloam Hospitals Surabaya, less property expenses.
- (4) Does not include transaction costs (such as professional and other fees and expenses).
- (5) Based on the weighted average price of S\$0.3022 per Unit on the SGX-ST on 17 May 2022, being the market day preceding the date of the Conditional Sale and Purchase Agreement.
- (6) Based on 2,047,478,761 Units in issue as at 17 May 2022, being the market day preceding the date of the Conditional Sale and Purchase Agreement.

Given that none of the relative figures computed on the bases set out above exceeds 50% based on the aggregate value of all disposals in the last 12 months, the Proposed Divestment is in the ordinary course of First REIT’s business pursuant to Rule 1014(3) of the Listing Manual. As such, the Proposed Divestment is not subject to Unitholders’ approval under Chapter 10 of the Listing Manual.

However, as the Proposed Divestment constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix, the Proposed Divestment will still be subject to the specific approval of independent Unitholders.

5. **PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT**

The *pro forma* financial effects of the Proposed Divestment presented below are strictly for illustrative purposes only and are prepared based on the FY2021 Audited Consolidated Financial Statements and assuming:

- (i) the average and closing exchange rates for IDR:SGD used for translating the FY2021 income statement and the financial positions as at 31 December 2021 are 10,638 and 10,526 respectively;
- (ii) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2021 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of this Announcement; and
- (iii) that the volume weighted average price for the Divestment Fee Units and management fee in Units is S\$0.3074 and the management fee payable in Units is 50%.

5.1 **Pro Forma DPU**

The *pro forma* financial effects of the Proposed Divestment on the DPU and DPU yield for FY2021, as if the Proposed Divestment was completed on 1 January 2021, are as follows:

	Pro forma effects of the Proposed Divestment for FY2021		
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and with certain adjustments⁽²⁾
Rental and other income	102,346	98,300	98,300

(S\$'000)			
Net property and other income (S\$'000)	100,216	96,206	96,206
Distributable Income (S\$'000)	42,120	36,889	36,889
Units in issue and to be issued ⁽³⁾	1,616,331,220	1,616,951,749	1,616,831,385
DPU (cents)	2.61	2.28	2.28
DPU Yield (%) ⁽⁴⁾	8.6%	7.5%	7.5%

Notes:

- (1) Based on the FY2021 Audited Consolidated Financial Statements.
- (2) Adjustments made to assume that part of the amounts payable to PT TPI under the settlement agreement which PT TPI had on 7 December 2021 entered into with PT SK to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the progress payments which PT TPI had made to PT SK as at 7 December 2021 under the Development Works Agreement and the interest which PT TPI is entitled to be paid on such progress payments from 28 June 2019 to 27 June 2020 (the “**Relevant Settlement Amount**”) will be used to pare down S\$19 million of bank loans.
- (3) The Units in issue and to be issued do not include 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date.
- (4) Based on a Unit price of S\$0.305 as at 31 December 2021.

5.2 Pro Forma NAV per Unit

The *pro forma* financial effects of the Proposed Divestment on the NAV per Unit as at 31 December 2021, as if the Proposed Divestment was completed on 31 December 2021, are as follows:

	Pro forma effects of the Proposed Divestment for FY2021		
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and with certain adjustments⁽²⁾
NAV (S\$'000)	591,145	589,168	588,636
Units in issue and to be issued	1,613,028,634	1,613,649,162	1,613,528,798
NAV per Unit (cents)	36.65	36.51	36.48
Aggregate Leverage (%)	33.6%	33.8%	32.6%

Notes:

- (1) Based on the FY2021 Audited Consolidated Financial Statements.

(2) Adjustments made to assume that part of the Relevant Settlement Amount will be used to pare down S\$19 million of bank loans.

5.3 Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2021, as if the Proposed Divestment was completed on 31 December 2021.

Pro forma effects of the Proposed Divestment for FY2021			
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and with certain adjustments⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)
Short-term debt:			
Secured	99,258	99,258	99,258
Total short-term debt	99,258	99,258	99,258
Long-term debt:			
Secured	249,953	249,953	230,953
Total long-term debt	249,953	249,953	230,953
Total Debt	349,211	349,211	330,211
Unitholders funds	591,145	589,168	588,636
Perpetual securities holders' fund	60,675	60,675	60,675
Total Capitalisation	1,001,031	999,054	979,522

Notes:

(1) Based on the FY2021 Audited Consolidated Financial Statements.

(2) Adjustments made to assume that part of the Relevant Settlement Amount will be used to pare down S\$19 million of bank loans.

6. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

6.1 Interests of the Directors of the Manager

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

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Mr Christopher James Williams	–	–	–	–	–	–
Mr Tan Kok Mian Victor	252,569	0.0123	–	–	252,569	0.0123
Mr Chan Pengee Adrian	–	–	–	–	–	–
Mr Ferris Charles Bye	–	–	–	–	–	–
Mr Tan Chuan Lye	–	–	–	–	–	–
Mr Martin Lechner	5,000,000	0.2438	–	–	5,000,000	0.2438
Ms Minny Riady	–	–	–	–	–	–

Note:

(1) Percentage interest is based on 2,050,906,078 Units in issue as at the Latest Practicable Date.

6.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders¹ are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units Held	%(1)	No. of Units Held	%(1)		
First REIT Management Limited (“FRML”)	171,125,360	8.34	–	–	171,125,360	8.34
OLH Healthcare Investments Pte. Ltd. (“OHI”)	677,997,828	33.06	–	–	677,997,828	33.06
OUELH (Singapore) Pte. Ltd. (“OUELH (Singapore)”)	–	–	677,997,828 ⁽²⁾	33.06	677,997,828	33.06
OUELH (SEA) Pte. Ltd. (“OUELH (SEA)”)	–	–	677,997,828 ⁽²⁾	33.06	677,997,828	33.06
OUELH	–	–	849,123,188 ⁽²⁾⁽³⁾	41.40	849,123,188	41.40

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

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units Held	%(1)	No. of Units Held	%(1)		
Treasure International Holdings Pte. Ltd. (“TIHPL”)	–	–	849,123,188 (2)(3)	41.40	849,123,188	41.40
OUE Limited (“OUE”)	–	–	902,594,405 ⁽²⁾⁽³⁾ (4)	44.01	902,594,405	44.01
OUE Realty Pte. Ltd. (“OUE R”)	–	–	902,594,405 ⁽⁵⁾	44.01	902,594,405	44.01
Golden Concord Asia Limited (“GCAL”)	–	–	902,594,405 ⁽⁶⁾	44.01	902,594,405	44.01
Fortune Crane Limited (“FCL”)	–	–	902,594,405 ⁽⁷⁾	44.01	902,594,405	44.01
Lippo ASM Asia Property Limited (“LAAPL”)	–	–	902,594,405 ⁽⁸⁾	44.01	902,594,405	44.01
HKC Property Investment Holdings Limited (“HKC Property”)	–	–	902,594,405 ⁽⁹⁾	44.01	902,594,405	44.01
Hongkong Chinese Limited (“HCL”)	–	–	902,594,405 ⁽¹⁰⁾	44.01	902,594,405	44.01
Hennessy Holdings Limited (“Hennessy”)	–	–	902,594,405 ⁽¹¹⁾	44.01	902,594,405	44.01
Prime Success Limited (“PSL”)	–	–	902,594,405 ⁽¹²⁾	44.01	902,594,405	44.01
Lippo Limited (“LL”)	–	–	904,238,993 ⁽¹³⁾	44.09	904,238,993	44.09
Lippo Capital Limited (“LCL”)	–	–	904,238,993 ⁽¹⁴⁾	44.09	904,238,993	44.09
Lippo Capital Holdings Company Limited (“LCH”)	–	–	904,238,993 ⁽¹⁵⁾	44.09	904,238,993	44.09
Lippo Capital Group Limited (“LCG”)	–	–	904,238,993 ⁽¹⁶⁾	44.09	904,238,993	44.09
Admiralty Station Management Limited (“Admiralty”)	–	–	902,594,405 ⁽¹⁷⁾	44.01	902,594,405	44.01

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units Held	%(1)	No. of Units Held	%(1)		
Argyle Street Management Limited (“ASML”)	–	–	902,594,405 ⁽¹⁸⁾	44.01	902,594,405	44.01
Argyle Street Management Holdings Limited (“ASMHL”)	–	–	902,594,405 ⁽¹⁹⁾	44.01	902,594,405	44.01
Kin Chan	–	–	902,594,405 ⁽²⁰⁾	44.01	902,594,405	44.01
V-Nee Yeh	–	–	902,594,405 ⁽²¹⁾	44.01	902,594,405	44.01
PT Trijaya Utama Mandiri (“PT TUM”)	–	–	904,238,993 ⁽²²⁾	44.09	904,238,993	44.09
James Tjahaja Riady	–	–	904,238,993 ⁽²³⁾	44.09	904,238,993	44.09
Stephen Riady	–	–	904,238,993 ⁽²⁴⁾	44.09	904,238,993	44.09

Notes:

- (1) Percentage interest is based on 2,050,906,078 Units in issue as at the Latest Practicable Date.
- (2) OHI is 100% owned by OUELH (Singapore). OUELH (Singapore) is 100% owned by OUELH (SEA). OUELH (SEA) is 100% owned by OUELH. TIHPL, a subsidiary of OUE, directly holds 70.36% of the total issued share capital of OUELH. Accordingly, each of OUE, TIHPL, OUELH, OUELH (SEA) and OUELH (Singapore) has a deemed interest in OHI’s interest in the Units.
- (3) FRML is 40% directly held by OUELH and 60% directly held by OUE. Accordingly, each of OUELH and OUE has a deemed interest in FRML’s interest in the Units. TIHPL directly holds 70.36% of the total issued share capital of OUELH and has a deemed interest in the Units in which OUELH has a deemed interest.
- (4) Further, OUE is deemed to have an interest in the 53,471,217 Units held by Clifford Development Pte. Ltd., a subsidiary of OUE.
- (5) OUER is the holding company of OUE and has a deemed interest in the Units in which OUE has a deemed interest.
- (6) GCAL is the holding company of OUER and has a deemed interest in the Units in which OUER has a deemed interest.
- (7) FCL is the holding company of GCAL and has a deemed interest in the Units in which GCAL has a deemed interest.
- (8) LAAPL is the holding company of FCL and has a deemed interest in the Units in which FCL has a deemed interest.
- (9) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (10) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (11) Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (12) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (13) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the 1,644,588 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the “HKCTL Units”).
- (14) LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

- (15) LCH is an intermediate holding company of HKC Property and LL. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
- (16) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
- (17) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (18) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.
- (19) ASMHL is the holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
- (20) Mr Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr Kin Chan is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (21) Mr V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr V-Nee Yeh is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (22) PT TUM holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, PT TUM is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
- (23) Mr James Tjahaja Riady effectively holds all the shares in PT TUM, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
- (24) Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

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

7. DIRECTORS' SERVICE CONTRACTS

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

8. OPINION OF THE INDEPENDENT FINANCIAL ADVISER AND STATEMENT OF THE INDEPENDENT DIRECTORS AND THE AUDIT AND RISK COMMITTEE

The Manager has appointed Stirling Coleman Capital Limited (the "IFA") to advise the independent directors of the Manager (the "Independent Directors"), the audit and risk committee of the Manager (the "Audit and Risk Committee") and the Trustee as to whether the Proposed Divestment is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

The Independent Directors and Audit and Risk Committee will form their own views after reviewing the opinion of the IFA, which will be set out in the circular to be issued to the Unitholders in due course (the "Circular").

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager located at 333 Orchard Road #33-02 Singapore 238867 from the date of this Announcement up to and including the date falling three months after the date of this Announcement¹:

- (i) the Conditional Sale and Purchase Agreement;
- (ii) the full valuation report issued by C&W in respect of Siloam Hospitals Surabaya;
- (iii) the full valuation report issued by Knight Frank in respect of Siloam Hospitals Surabaya; and
- (iv) the FY2021 Audited 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 is in existence.

10. FURTHER DETAILS

Further details of the Proposed Divestment will be contained in the Circular which will be issued by the Manager in due course, together with a notice of extraordinary general meeting for the purpose of seeking Unitholders' approval for the Proposed Divestment. Unitholders are advised to refer to the Circular for any updates to the information contained in this Announcement.

By Order of the Board

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
First REIT Management Limited
(Company registration no. 200607070D)
As Manager of First Real Estate Investment Trust

18 May 2022

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

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

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

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 Announcement 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.