

CIRCULAR DATED 30 JUNE 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular to holders of units in First Real Estate Investment Trust (“**First REIT**”, the units in First REIT, “**Units**”, and the holders of Units, “**Unitholders**”) dated 30 June 2022 (this “**Circular**”). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States of America (“**U.S.**”). It is not an offer of securities for sale into the U.S.. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any state of the U.S. or other jurisdiction, and the Units may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of First REIT in the U.S. would be made by means of a prospectus that would contain detailed information about First REIT and First REIT Management Limited (“**FRML**”), as manager of First REIT (the “**Manager**”), as well as financial statements. The Manager does not intend to conduct a public offering of securities in the U.S..



ASIA'S PREMIER HEALTHCARE TRUST

FIRST REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

FIRST REIT MANAGEMENT LIMITED

(Company Registration Number: 200607070D)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

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

**Independent Financial Adviser to the Independent Directors and the Audit and
Risk Committee of the Manager and to Perpetual (Asia) Limited
(in its capacity as trustee of First REIT)**



STIRLING COLEMAN

施霖高诚

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200105040N)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for pre-registration for Extraordinary General Meeting (“ EGM ”)	:	22 July 2022 at 2:30 p.m.
Last date and time for lodgement of Proxy Forms	:	22 July 2022 at 2:30 p.m.
Date and time of EGM convened and held by way of electronic means	:	25 July 2022 at 2:30 p.m.

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CORPORATE INFORMATION

Directors of First REIT Management Limited (“Directors”)	:	Mr Christopher James Williams (Chairman and Non-Independent Non-Executive Director) Mr Tan Kok Mian Victor (Executive Director and Chief Executive Officer) Mr Chan Pengee Adrian (Lead Independent Director) Mr Ferris Charles Bye (Independent Director) Mr Tan Chuan Lye (Independent Director) Mr Martin Lechner (Independent Director) Ms Minny Riady (Non-Independent Non-Executive Director)
Registered Office of the Manager	:	333 Orchard Road #33-02 Singapore 238867
Trustee of First REIT (the “Trustee”)	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT) 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Legal Adviser for the Proposed Divestment and to the Manager as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager for the Proposed Divestment as to Indonesia Law	:	Soemadipradja & Taher Wisma GKBI, Level 9 Jl. Jenderal Sudirman No. 28 Jakarta 10210, Indonesia
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of the Manager and to the Trustee (“IFA”)	:	Stirling Coleman Capital Limited 9 Raffles Place Distrii Level 6, Republic Plaza Singapore 048619

Independent Valuers : Cushman & Wakefield VHS Pte. Ltd., in conjunction with
KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan
("C&W")
88 Market Street
#47-01 CapitaSpring
Singapore 048948
(appointed by the Trustee)

KJPP Willson & Rekan in association with Knight Frank
("Knight Frank")
Chase Plaza 17th Floor
Jl. Jend. Sudirman Kav. 21
Jakarta 12920, Indonesia
(appointed by the Manager)

**Unit Registrar and Unit
Transfer Office
(the "Unit Registrar")** : Boardroom Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 32 to 38 of this Circular.

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

For illustrative purposes, certain Indonesia rupiah amounts have been translated into Singapore dollars. Unless otherwise indicated, such translations 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.

ABOUT FIRST REIT

Listed on the SGX-ST on 11 December 2006, First REIT's investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes¹. As at 31 December 2021, First REIT's portfolio comprised 19 properties, 16 of which were located in Indonesia and three in Singapore.

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 gross floor area ("**GFA**") of 444,558 square metres ("**sq m**").

(See Appendix A of this Circular which provides further details on the existing portfolio of First REIT as at 31 December 2021 (and including the Japan Nursing Homes) (the "**Existing Portfolio**").)

SUMMARY OF APPROVAL SOUGHT

The Manager is seeking the approval of independent Unitholders for the proposed divestment by Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., each of which is a direct wholly-owned subsidiary of the Trustee (collectively, the "**Vendors**"), to 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**") 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**"), which 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

1 Including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

2 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.

No. 340/Gubeng, HGB No. 343/Gubeng, HGB No. 408/Gubeng, HGB No. 476/Gubeng and HGB No. 494/Gubeng (“**Siloam Hospitals Surabaya**”), for a divestment consideration of Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments) (the “**Divestment Consideration**”) by way of an Ordinary Resolution¹ (the “**Proposed Divestment**”).

RESOLUTION: THE PROPOSED DIVESTMENT

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 billion²) 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 27 June 2022, being the latest practicable date prior to the printing of this Circular (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: <ul style="list-style-type: none"> (i) title certificate HGB No. 340/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022; (ii) title certificate HGB No. 343/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022; (iii) title certificate HGB No. 408/Gubeng with a remaining lease term of 4.6 years as at 31 January 2022; (iv) title certificate HGB No. 476/Gubeng with a remaining lease term of 19.8 years as at 31 January 2022; and (v) title certificate HGB No. 494/Gubeng with a remaining lease term of 21.6 years as at 31 January 2022
Year of Building Completion	1977
Land Area (sq m)	4,306 ⁽¹⁾
GFA (sq m)	9,065 ⁽²⁾
Number of Hospital Beds	162
Centre of Excellence	Cardiology, Emergency & Trauma

1 “**Ordinary Resolution**” refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the “**Trust Deed**”).

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

Independent Valuation by C&W⁽³⁾ (as at 31 January 2022)⁽⁴⁾	Rp.430,820,000,000 (approximately S\$40.9 million)
Independent Valuation by Knight Frank⁽⁵⁾ (as at 31 January 2022)⁽⁴⁾	Rp.428,335,000,000 (approximately S\$40.7 million)
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

Notes:

- (1) 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, the GFA of Siloam Hospitals Surabaya was 9,042 sq m. Since 11 December 2006, minor asset enhancement initiatives have been completed at Siloam Hospitals Surabaya, resulting in a minor increase in the GFA to 9,065 sq m.
- (3) C&W is the independent valuer appointed by the Trustee.
- (4) C&W and Knight Frank (collectively, the “**Independent Valuers**”) relied on the discounted cash flow method of valuation.
- (5) Knight Frank is the independent valuer appointed by the Manager.

Conditional Sale and Purchase Agreement

On 18 May 2022, the Vendors entered into a conditional sale and purchase agreement with the Purchasers in relation to the Proposed Divestment (the “**Conditional Sale and Purchase Agreement**”).

(See paragraph 2.3 of the Letter to Unitholders for further details.)

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%¹ gross 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 million².

(See Appendix C of this Circular for further details regarding the valuation of Siloam Hospitals Surabaya.)

Estimated Total Divestment Cost

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

- (i) the divestment fee³ payable to the Manager for the Proposed Divestment pursuant to 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.

Use of Divestment Proceeds

The Proposed Divestment provides First REIT with the opportunity to optimise its capital structure and enhance long-term returns for 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.

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.

¹ The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

² 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).

³ 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 (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.

Interested Person Transaction¹ and Interested Party Transaction²

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 Unitholder³ of First REIT under both the listing manual of the SGX-ST (the “**Listing 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 Shareholder⁴ 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 June 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 Person⁵ (for the purposes of the Listing Manual) and an Interested Party⁶ (for the purposes of the Property Funds Appendix) of First REIT.

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

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

3 “**Controlling Unitholder**” means a person who:

- (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

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

- (a) holds directly or indirectly 15% 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.

5 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**”.

6 As defined in the Property Funds Appendix, the term “**Interested Party**” 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.

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.

(See paragraph 4.1 of the Letter to Unitholders for further details.)

RATIONALE FOR THE PROPOSED DIVESTMENT

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

- (i) Proposed Divestment Reaps Capital Gains and Recycles Capital in Alignment with the “First REIT 2.0 Growth Strategy”¹;
- (ii) Opportunity to Recycle a Mature Asset Instead of Taking on Excessive Development Risk;
- (iii) Prudent Exit Strategy and Presents a Holistic Approach that Resolves Downstream Complications; and
- (iv) Improvement in the Weighted Average Age of Property for First REIT.

(See paragraph 3 of the Letter to Unitholders for further details.)

¹ The “First REIT 2.0 Growth Strategy” involves (i) diversifying into developed markets, including Japan, Australia, the United Kingdom and Europe to reduce concentration risk, with a target to reduce Indonesia assets to less than 50% of the portfolio in three to five years, (ii) strengthening capital structure through the diversification of funding sources to continue to optimise financial position, (iii) reshaping the portfolio for capital efficient growth by recycling non-core, non-healthcare assets and (iv) pivoting to ride megatrends, in particular, environment social governance, ageing population demographics and other growth drivers.

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the EGM is indicative only and is subject to change at the Manager's absolute discretion. Any changes (including any determination of the relevant dates) to the timetable below will be announced.

Event	Date and Time
Last date and time for pre-registration for EGM	: 22 July 2022 at 2:30 p.m.
Last date and time for lodgement of Proxy Forms	: 22 July 2022 at 2:30 p.m.
Date and time of EGM convened and held by way of electronic means	: 25 July 2022 at 2:30 p.m.

FIRST REIT

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

Directors of the Manager

Mr Christopher James Williams
(Chairman and Non-Independent Non-Executive Director)
Mr Tan Kok Mian Victor
(Executive Director and Chief Executive Officer)
Mr Chan Pengee Adrian (Lead Independent Director)
Mr Ferris Charles Bye (Independent Director)
Mr Tan Chuan Lye (Independent Director)
Mr Martin Lechner (Independent Director)
Ms Minny Riady (Non-Independent Non-Executive Director)

Registered Office

333 Orchard Road
#33-02
Singapore 238867

30 June 2022

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVAL SOUGHT

The Manager is seeking the approval of independent Unitholders by way of an Ordinary Resolution at the EGM for the Proposed Divestment.

2. RESOLUTION: THE PROPOSED DIVESTMENT

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 with a remaining lease term of 12.3 years as at 31 January 2022; (ii) title certificate HGB No. 343/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022;

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

	(iii) title certificate HGB No. 408/Gubeng with a remaining lease term of 4.6 years as at 31 January 2022;
	(iv) title certificate HGB No. 476/Gubeng with a remaining lease term of 19.8 years as at 31 January 2022; and
	(v) title certificate HGB No. 494/Gubeng with a remaining lease term of 21.6 years as at 31 January 2022
Year of Building Completion	1977
Land Area (sq m)	4,306 ⁽¹⁾
GFA (sq m)	9,065 ⁽²⁾
Number of Hospital Beds	162
Centre of Excellence	Cardiology, Emergency & Trauma
Independent Valuation by C&W⁽³⁾ (as at 31 January 2022)⁽⁴⁾	Rp.430,820,000,000 (approximately S\$40.9 million)
Independent Valuation by Knight Frank⁽⁵⁾ (as at 31 January 2022)⁽⁴⁾	Rp.428,335,000,000 (approximately S\$40.7 million)
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

Notes:

- (1) 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.
- (2) When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006, the GFA of Siloam Hospitals Surabaya was 9,042 sq m. Since 11 December 2006, minor asset enhancement initiatives have been completed at Siloam Hospitals Surabaya, resulting in a minor increase in the GFA to 9,065 sq m.
- (3) C&W is the independent valuer appointed by the Trustee.
- (4) The Independent Valuers relied on the discounted cash flow method of valuation.
- (5) Knight Frank is the independent valuer appointed by the Manager.

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) 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 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%¹ gross premium over First REIT's original purchase consideration of S\$16.8 million. After taking into account the estimated Total Divestment Cost 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 million².

(See Appendix C of this Circular for further details regarding the valuation of Siloam Hospitals Surabaya.)

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

In connection with the Proposed Divestment, the Vendors had on 18 May 2022 entered into the Conditional Sale and Purchase Agreement with the Purchasers to acquire the Sale Shares.

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 (the "**Board**");
 - (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 the SGX-ST;

¹ The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

² 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).

- (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 meeting of shareholders that will resolve the transferring of the Sale Shares to the Purchasers¹;
 - (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

¹ This is a requirement pursuant to Article 127 paragraph (2) of Law of the Republic of Indonesia No.40 of 2007 on Limited Liability Companies (as lastly amended by Law No.11 of 2020 on JobCreation) (Indonesian Company Law).

- (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.

2.4 Estimated Total Divestment Cost

The estimated Total Divestment Cost is approximately S\$0.6 million, comprising:

- (i) the Divestment Fee¹ 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.

2.5 Use of Divestment Proceeds

The Proposed Divestment provides First REIT with the opportunity to optimise its capital structure and enhance long-term returns for 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.

2.6 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.

¹ As the Proposed Divestment is an Interested Party Transaction under the Property Funds Appendix, the Divestment Fee will be in the form of 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.

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%³.

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.
- (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.

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 SK, an indirect wholly-owned subsidiary of LPKR, for a purchase consideration of S\$8.2 million.

3 The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

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 Opportunity to Recycle a Mature Asset Instead of Taking on Excessive Development Risk

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.

Therefore, the Manager believes that the Proposed Divestment is an opportunity to recycle a mature asset that has been held within First REIT’s portfolio since First REIT’s initial public offering instead of taking on such excessive development risk.

3.3 Prudent Exit Strategy and Presents a Holistic Approach that Resolves Downstream Complications

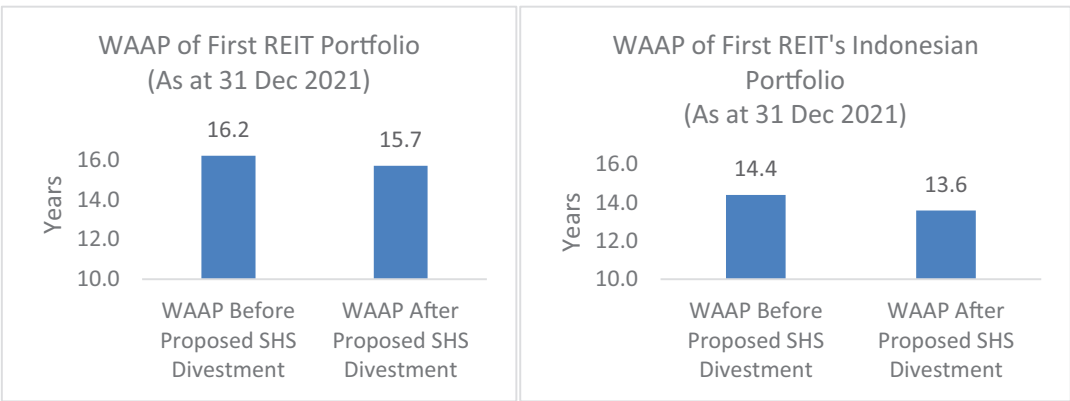
Following further discussions with LPKR, the Manager understands that either LPKR or Siloam, through its entities or otherwise, intend to continue the development works on the Development Works Site independently (the “**New Development Works**”).

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 Homes. 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.



The weighted average lease expiry (“**WALE**”) by GFA will remain flat at approximately 13.5 years for the Existing Portfolio as at 31 December 2021 to approximately 13.5 years for the Existing Portfolio excluding Siloam Hospitals Surabaya (the “**Revised Portfolio**”) as at 31 December 2021.

The weighted average land lease expiry by GFA will remain flat at approximately 16.7 years for both the Existing Portfolio as at 31 December 2021 and the Revised Portfolio as at 31 December 2021².

1 WAAP is computed on a GFA basis.

2 Given that the Japan Nursing Homes comprise freehold land titles and Siloam Sriwijaya is a strata-titled property, both the Japan Nursing Homes and Siloam Sriwijaya have been excluded from the land lease expiry computations.

4. REQUIREMENT OF INDEPENDENT UNITHOLDERS' APPROVAL

4.1 Interested Person Transaction and Interested Party Transaction

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

Based on the 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 Party 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 Unitholder of First REIT under both the Listing 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 Shareholder 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 June 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.

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 (\$ million)	First REIT (\$ 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 Circular; 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 distribution per Unit (“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 (S\$'000)	102,346	98,300	98,300
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 ⁽⁴⁾	2.28 ⁽⁵⁾
DPU Yield (%) ⁽⁶⁾	8.6	7.5 ⁽⁷⁾	7.5 ⁽⁸⁾

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) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU would be 1.80 cents.
- (5) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU would be 1.80 cents.
- (6) Based on a Unit price of S\$0.305 as at 31 December 2021.
- (7) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU yield would be 5.9%.
- (8) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU yield would be 5.9%.

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	588,672	588,636
Units in issue and to be issued ⁽³⁾	1,613,028,634	1,613,649,162	1,613,528,798
NAV per Unit (cents)	36.65	36.48	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.
- (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.

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	588,672	588,636
Perpetual securities holders' fund	60,675	60,675	60,675
Total Capitalisation	1,001,031	998,558	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. ADVICE OF THE IFA

The Manager has appointed 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 in relation to the Proposed Divestment. A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full (the “**IFA Letter**”) is set out in Appendix B of this Circular and Unitholders are advised to read the IFA Letter carefully.

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Divestment is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the resolution in connection with the Proposed Divestment to be proposed at the EGM.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS**7.1 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.

7.2 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)		
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
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. (“ OUER ”)	–	–	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
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

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

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 in this Circular 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.

8. 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.

9. RECOMMENDATIONS

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix B of this Circular) and the rationale for the Proposed Divestment as set out in paragraph 3 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the Proposed Divestment is based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

The Audit and Risk Committee further confirms that it has undertaken due process to ensure that the terms of the Proposed Divestment are generally in line with that which have been obtained had the Sale Shares been sold to a non-interested party.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution relating to the Proposed Divestment.

10. EXTRAORDINARY GENERAL MEETING

10.1 Background on COVID-19

The Manager and the Trustee refer to:

- (i) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed entities in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and
- (ii) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 (as amended), and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts.

10.2 Date, Time and Conduct of EGM

The EGM will be convened and held by way of electronic means on Monday, 25 July 2022 at 2:30 p.m. (Singapore Time) for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of Extraordinary General Meeting, which is set out on pages D-1 to D-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution.

Approval by way of Ordinary Resolution is required in respect of the resolution.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

The Lead Independent Director of the Board, Mr Chan Pengee Adrian, and the Executive Director and Chief Executive Officer, Mr Tan Kok Mian Victor, will conduct the proceedings of the EGM.

Unitholders may submit questions related to the resolution to be tabled for approval at the EGM in advance of, or “live” at, the EGM.

Unitholders are encouraged to submit their questions promptly for such questions to be addressed. The Manager will address all substantial and relevant questions received from Unitholders prior to the closing date and time for submission of questions, being 2:30 p.m. (Singapore Time) on Monday, 11 July 2022, by publishing the responses to such substantial and relevant questions on First REIT’s website and on SGXNET by 2:30 p.m. (Singapore Time) on Tuesday, 19 July 2022, being 72 hours prior to the closing date and time for the lodgement of proxy forms. The Manager will address questions received “live” at the EGM from Unitholders during the EGM.

The Manager will, within one month after the date of the EGM, publish the minutes of the EGM on First REIT’s website and on SGXNET.

11. ABSTENTIONS FROM VOTING

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.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that the Purchasers, companies in which Dr Stephen Riady and Mr James Tjahaja Riady each has an interest of 30% or more, have entered into the Conditional Sale and Purchase Agreement under the Proposed Divestment, each of Dr Stephen Riady and Mr James Tjahaja Riady and their associates (including OUE, OUELH and the Manager) will abstain from voting on the resolution relating to the Proposed Divestment.

For the purpose of good corporate governance, as Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director, are non-independent Directors, they will each abstain from voting on the resolution relating to the Proposed Divestment in respect of Units (if any) held by them.

12. ACTIONS TO BE TAKEN BY UNITHOLDERS

12.1 Circular, Notice of Extraordinary General Meeting and Proxy Form

This Circular, the Notice of Extraordinary General Meeting and the Proxy Form have been sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html, and is also available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

12.2 Alternative Arrangements for Participation in the Extraordinary General Meeting

Unitholders may participate in the EGM by:

- (i) observing and/or listening to the EGM proceedings via live audio-visual webcast or live audio-only stream;
- (ii) submitting questions in advance of, or "live" at, the EGM; and/or
- (iii) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

A Unitholder (whether individual or corporate) who has Units entered against his/her/its name in (a) the Register of Unitholders; or (b) the Depository Register as at the cut-off time being 72 hours prior to the time of the EGM (being the time at which the name of the Unitholder must appear in the Register of Unitholders or the Depository Register, in order for him/her/it to be considered to have Units entered against his/her/its name in the said Registers), shall be entitled to attend (via electronic means), submit questions in advance of, or "live" at, and vote by proxy at the EGM.

In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are requested to complete the Proxy Form in accordance with the instructions therein and submit it to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- (a) if by email, the Proxy Form must be received by Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2022@boardroomlimited.com; or
- (b) if in hard copy, sent by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632,

in either case, by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022, being 72 hours before the time fixed for the EGM.

All Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights must appoint the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to his/her/its manner of voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

12.3 Steps for Pre-registration and Submission of Questions and Voting at the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings through a live audio-visual webcast or live audio-only stream by pre-registering, submit questions related to the resolution to be tabled for approval at the EGM in advance of, or “live” at, the EGM and vote by appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps in accordance with the dates/deadlines specified:

Pre-registration		
No.	Steps	Dates/Deadlines
1.	Unitholders must pre-register for the live audio-visual webcast or live audio-only stream of the EGM proceedings at the pre-registration website at the URL https://www.first-reit.com/ir_egm.html by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022 to enable the Manager to verify their status as Unitholders.	Pre-registration by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022.
2.	Following the verification, authenticated persons will receive an email which will contain user ID and password details, as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings (the “ Confirmation Email ”).	Unitholders who do not receive the Confirmation Email by 2:30 p.m. (Singapore Time) on Saturday, 23 July 2022 but who have registered by the 2:30 p.m. (Singapore Time) on Friday, 22 July 2022 deadline, should contact the office of First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 or by email to FREGM2022@boardroomlimited.com between 3:00 p.m. and 5:00 p.m. on 23 July 2022 or between 8:30 a.m. and 12:00 noon on 25 July 2022.

Submission of Questions		
No.	Steps	Dates/Deadlines
1.	<p>Unitholders (whether individual or corporate) may submit questions related to the resolution to be tabled for approval at the EGM in advance of the EGM, in the following manner:</p> <p>(a) if submitted electronically, be submitted:</p> <p>(i) via the pre-registration website at the URL https://www.first-reit.com/ir_egm.html; or</p> <p>(ii) via email by completing the Submission of Questions Form provided by the Manager on First REIT’s website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and sending the same to First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at FREGM2022@boardroomlimited.com;</p>	<p>All questions must be submitted by 2:30 p.m. (Singapore Time) on Monday, 11 July 2022.</p> <p>The Manager will address all substantial and relevant questions received from Unitholders prior to the closing date and time for submission of questions, by publishing the responses to such substantial and relevant questions on First REIT’s website and on SGXNET by 2:30 p.m. (Singapore Time) on Tuesday, 19 July 2022, being 72 hours prior to the closing date and time for the lodgement of proxy forms.</p>

Submission of Questions		
No.	Steps	Dates/Deadlines
	<p>(b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and sending the same by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632,</p> <p>in any case, by 2:30 p.m. (Singapore Time) on Monday, 11 July 2022.</p>	
2.	<p>Unitholders (whether individual or corporate) may also submit questions related to the resolution to be tabled for approval at the EGM "live" at the EGM, by typing in and submitting their questions via the online platform hosting the audio-visual webcast.</p> <p>Unitholders who wish to ask questions "live" at the EGM must first pre-register for the live audio-visual webcast or live audio-only stream of the EGM proceedings at the pre-registration website at the URL https://www.first-reit.com/ir_egm.html by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022 and access the live audio-visual webcast of the EGM proceedings.</p>	The Manager will address questions received "live" at the EGM from Unitholders during the EGM.

Submission of Proxy Form to Vote		
No.	Steps	Dates/Deadlines
1.	<p>A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM. The Proxy Form is available for download at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements.</p> <p>Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.</p>	–
2.	<p>The Proxy Form must be submitted in the following manner:</p> <p>(a) if by email, the Proxy Form must be received by Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2022@boardroomlimited.com; or</p> <p>(b) if in hard copy, sent by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632,</p> <p>in either case, by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022.</p> <p>A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.</p>	Proxy Forms to reach the Unit Registrar by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022.

12.4 Unitholders Who Hold Units through Relevant Intermediaries

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of, or “live” at, the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream and/or (b) submitting questions in advance of, or “live” at, the EGM should refer to paragraph 12.3 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Thursday, 14 July 2022, being seven (7) working days before the date of the EGM.

12.5 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT’s website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the status of the EGM.

13. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Divestment, First REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

14. CONSENTS

Each of the IFA and the Independent Valuers has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter and the Valuation Certificates, and all references thereto, in the form and context in which they appear in this Circular.

15. DOCUMENTS ON DISPLAY

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 Circular up to and including the date falling three months after the date of this Circular¹:

- (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;
- (iv) the FY2021 Audited Consolidated Financial Statements;
- (v) the IFA Letter; and
- (vi) the letters of consent from each of the IFA and the Independent Valuers.

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.

Yours faithfully
FIRST REIT MANAGEMENT LIMITED
(as manager of First Real Estate Investment Trust)
(Company registration number: 200607070D)

Mr Tan Kok Mian Victor
Executive Director and Chief Executive Officer

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

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

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The Trustee is not required to and therefore does not opine on the commercial merits of the Proposed Divestment. In this regard, under the Trust Deed, the Manager alone shall have absolute discretion to determine, and it would be the duty of the Manager to recommend or propose to the Trustee, what investments should be effected and when and how any proposed investment should be effected by First REIT. As the Proposed Divestment is an Interested Person Transaction and an Interested Party Transaction, Unitholders' approval for the Proposed Divestment must also be obtained at the EGM in compliance with the requirements of the Listing Manual and the Property Funds Appendix. If the Ordinary Resolution is passed, the Trustee would be bound to comply with the directions of the Unitholders and proceed with the Proposed Divestment in accordance with the Ordinary Resolution. When so acting in accordance with the directions of the Unitholders, the Trustee would not be responsible to any Unitholder.

The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

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

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

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

GLOSSARY

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

“%”	:	Per centum or percentage.
“Admiralty”	:	Admiralty Station Management Limited.
“Aggregate Leverage”	:	The ratio of the value of borrowings and deferred payments (if any) to the value of First REIT’s Deposited Property.
“Agreed Property Value”	:	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, of Rp.430.0 billion (approximately S\$40.9 million).
“ASMHL”	:	Argyle Street Management Holdings Limited.
“ASML”	:	Argyle Street Management Limited.
“Audit and Risk Committee”	:	The audit and risk committee of the Manager.
“Board”	:	The board of directors of the Manager.
“C&W”	:	Cushman & Wakefield VHS Pte. Ltd., in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Unitholders dated 30 June 2022.
“Code on CIS”	:	The Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
“Conditional Sale and Purchase Agreement”	:	The conditional sale and purchase agreement entered into between the Vendors and the Purchasers in relation to the Proposed Divestment on 18 May 2022.
“Confirmation Email”	:	An email which will contain user ID and password details, as well as instructions on how to access the live audio-visual webcast and a toll-free telephone number to access the live audio-only stream of the EGM proceedings.

“Controlling Shareholder”	:	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.
“Controlling Unitholder”	:	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.
“CPF”	:	Central Provident Fund.
“Development Works”	:	The development works to develop a new hospital in connection with which First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK.
“Development Works Agreement”	:	A development works agreement entered into between PT TPI and PT SK on 20 October 2015.
“Development Works Site”	:	A portion of the land adjacent to Siloam Hospitals Surabaya which First REIT had sold to PT SK in connection with the Development Works.
“Directors”	:	Directors of the Manager.
“Divestment Consideration”	:	The divestment consideration of Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments).
“Divestment Fee”	:	The divestment fee payable to the Manager for the Proposed Divestment pursuant to the Trust Deed of approximately S\$0.2 million (being 0.5% of the Agreed Property Value).
“Divestment Fee Units”	:	The Units which will be issued to the Manager as payment for the Divestment Fee.
“DPU”	:	Distribution per Unit.
“EGM”	:	The extraordinary general meeting of the Unitholders, notice of which is given on pages D-1 to D-3 of this Circular.
“Existing Portfolio”	:	The existing portfolio of First REIT as at 31 December 2021 (including the Japan Nursing Homes).

“FCL”	:	Fortune Crane Limited.
“First REIT”	:	First Real Estate Investment Trust.
“FRML”	:	First REIT Management Limited.
“FY2021”	:	The financial year ended 31 December 2021.
“FY2021 Audited Consolidated Financial Statements”	:	The audited consolidated financial statements of First REIT and its subsidiaries for FY2021.
“GCAL”	:	Golden Concord Asia Limited.
“GFA”	:	Gross floor area.
“HCL”	:	Hongkong Chinese Limited.
“Hennessy”	:	Hennessy Holdings Limited.
“HGB”	:	<i>Hak Guna Bangunan.</i>
“HKC Property”	:	HKC Property Investment Holdings Limited.
“HKCTL Units”	:	The 1,644,588 Units held by Hongkong China Treasury Limited, a subsidiary of LL.
“IFA”	:	Stirling Coleman Capital Limited.
“IFA Letter”	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full, as set out in Appendix B of this Circular.
“Independent Directors”	:	Independent directors of the Manager.
“Independent Valuers”	:	C&W and Knight Frank, collectively.
“Interested Party”	:	As defined in the Property Funds Appendix, means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Party Transaction”	:	Has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.

“Interested Person”	:	As stated in the Listing Manual, in the case of a REIT, has the meaning ascribed to the term “interested party” in the Code on CIS. Therefore, “Interested Person” means:
		(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or
		(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Person Transaction”	:	A transaction between an entity at risk and an Interested Person.
“Japan Nursing Homes”	:	The 12 quality nursing homes located in Japan which were acquired from OUELH, the completion of which was announced by the Manager on 1 March 2022.
“Knight Frank”	:	KJPP Willson & Rekan in association with Knight Frank.
“LAAPL”	:	Lippo ASM Asia Property Limited.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 27 June 2022.
“LCG”	:	Lippo Capital Group Limited.
“LCH”	:	Lippo Capital Holdings Company Limited.
“LCL”	:	Lippo Capital Limited.
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time.
“LL”	:	Lippo Limited.
“LPKR”	:	PT Lippo Karawaci Tbk.
“Manager”	:	FRML, in its capacity as manager of First REIT.
“MAS”	:	Monetary Authority of Singapore.
“MKB”	:	PT Megapratama Karya Bersama.
“NAV”	:	Net asset value.
“NTA”	:	Net tangible assets.
“OHI”	:	OLH Healthcare Investments Pte. Ltd..

“Ordinary Resolution”	:	A resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.
“OUE”	:	OUE Limited.
“OUELH”	:	OUE Lippo Healthcare Limited.
“OUELH (SEA)”	:	OUELH (SEA) Pte. Ltd..
“OUELH (Singapore)”	:	OUELH (Singapore) Pte. Ltd..
“OUEP”	:	OUE Realty Pte. Ltd..
“Property Funds Appendix”	:	Appendix 6 of the Code on CIS.
“Proposed Divestment”	:	The proposed divestment by the Vendors to the Purchasers of 100.0% of the issued and paid-up share capital of PT TPI, which owns a 100.0% interest in Siloam Hospitals Surabaya, for a Divestment Consideration of Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments).
“PSL”	:	Prime Success Limited.
“PT SK”	:	PT Saputra Karya.
“PT TPI”	:	PT Tata Prima Indah.
“PT TUM”	:	PT Trijaya Utama Mandiri.
“Purchasers”	:	Siloam and MKB, collectively.
“Relevant Settlement Amount”	:	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.
“Revised Portfolio”	:	The Existing Portfolio excluding Siloam Hospitals Surabaya.
“Road Subsidence”	:	The road subsidence that took place on 18 December 2018 along Jalan Gubeng, Surabaya, which is in close proximity to Siloam Hospitals Surabaya.

“S\$” and “cents”	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore.
“Sale Shares”	:	100.0% of the issued and paid-up share capital of PT TPI.
“Securities Act”	:	The U.S. Securities Act of 1933, as amended.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Siloam”	:	PT Siloam International Hospitals Tbk.
“Siloam Hospitals Surabaya”	:	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 HGB title certificate No. 343/Gubeng, HGB No. 340/Gubeng, HGB No. 408/Gubeng, HGB No. 476/Gubeng and HGB No. 494/Gubeng.
“sq m”	:	Square metres.
“Substantial Unitholder”	:	A person with an interest in Units constituting not less than 5% of all Units in issue.
“TIHPL”	:	Treasure International Holdings Pte. Ltd..
“Total Divestment Cost”	:	The total cost of the Proposed Divestment.
“Trust Deed”	:	The trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time.
“Trustee”	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT).
“Unit”	:	A unit representing an undivided interest in First REIT.
“Unit Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd..
“Unitholders”	:	Holders of units in First REIT.
“U.S.”	:	United States of America.
“Vendors”	:	Primerich Investments Pte. Ltd. and Surabaya Hospitals Investment Pte. Ltd., collectively.
“WAAP”	:	Weighted average age of property.
“WALE”	:	Weighted average lease expiry.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act 2001.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

DETAILS OF SILOAM HOSPITALS SURABAYA, THE EXISTING PORTFOLIO AND THE REVISED PORTFOLIO

1. SILOAM HOSPITALS SURABAYA

1.1 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: <ul style="list-style-type: none"> (i) title certificate HGB No. 340/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022; (ii) title certificate HGB No. 343/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022; (iii) title certificate HGB No. 408/Gubeng with a remaining lease term of 4.6 years as at 31 January 2022; (iv) title certificate HGB No. 476/Gubeng with a remaining lease term of 19.8 years as at 31 January 2022; and (v) title certificate HGB No. 494/Gubeng with a remaining lease term of 21.6 years as at 31 January 2022.
Year of Building Completion	1977
Land Area (sq m)	4,306 ⁽¹⁾
GFA (sq m)	9,065 ⁽²⁾
Number of Hospital Beds	162
Centre of Excellence	Cardiology, Emergency & Trauma
Independent Valuation by C&W⁽³⁾ (as at 31 January 2022)⁽⁴⁾	Rp.430,820,000,000 (approximately S\$40.9 million)

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

Independent Valuation by Knight Frank⁽⁵⁾ (as at 31 January 2022)⁽⁴⁾	Rp.428,335,000,000 (approximately S\$40.7 million)
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

Notes:

- (1) 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.
- (2) When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006, the GFA of Siloam Hospitals Surabaya was 9,042 sq m. Since 11 December 2006, minor asset enhancement initiatives have been completed at Siloam Hospitals Surabaya, resulting in a minor increase in the GFA to 9,065 sq m.
- (3) C&W is the independent valuer appointed by the Trustee.
- (4) The Independent Valuers relied on the discounted cash flow method of valuation.
- (5) Knight Frank is the independent valuer appointed by the Manager.

1.2 Master Lease Agreement

Siloam Hospitals Surabaya is leased to LPKR and Siloam for a lease term expiring on 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of PT TPI and LPKR and Siloam.

Based on the terms of the master lease agreement entered into between PT TPI and LPKR and Siloam, the rent payable for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) was the pro-rated Indonesian Rupiah denominated commencement base rent of Rp.30.1 billion (the “**Commencement Base Rent**”).

For the second period of the lease which commenced on 1 October 2021 and will end on 30 September 2022, the adopted annual rent shall be the higher of:

- (i) 8.0% of the gross operating revenue (“**GOR**”) for Siloam Hospitals Surabaya for the preceding financial year (from 1 January to 31 December); or
- (ii) the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent,

where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

As at the Latest Practicable Date, based on the terms of the master lease agreement entered into between PT TPI and LPKR and Siloam, the rent payable to PT TPI by LPKR and Siloam for the second period of the lease which commenced on 1 October 2021 and will end on 30 September 2022 is Rp.31,455,545,000.

For the third period of the lease which will commence on 1 October 2022 and end on 30 September 2023, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for Siloam Hospitals Surabaya for the preceding financial year (from 1 January to 31 December); or
- (ii) the Second Lease Year Base Rent X (1 + S), where “S” is the escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

For subsequent lease years, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for Siloam Hospitals Surabaya for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year's Base Rent $X (1 + S)$, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

The aggregate rent for the final lease period ending on (and including) 31 December 2035 will be "A" multiplied by "B", where:

A = the higher of the following:

- (i) 8.0% of the GOR for Siloam Hospitals Surabaya for the preceding financial year (from 1 January to 31 December); or
- (ii) the preceding year's Base Rent $X (1 + S)$, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt, $(1 + S)$ will equal 1.045.

B = number of days in such final lease period/365 days.

2. THE EXISTING PORTFOLIO

The Existing Portfolio of First REIT comprises Siloam Hospitals Yogyakarta, Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, 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 Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club, which are located in Indonesia; Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence, which are located in Singapore; and Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote, Varus Cuore Sapporo-Kita & Annex, Elysion Gakuenmae, Elysion Mamigaoka & Elysion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West, which are located in Japan.

2.1 Summary

The following table sets out a summary of selected information on the Existing Portfolio as at 31 December 2021, unless otherwise stated.

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/ Saleable Rooms	Latest Appraised Value or Agreed Purchase Price ⁽¹⁾ (\$ million)
Indonesia				
Siloam Hospitals Yogyakarta	12,474	15 years with option to renew for 15 years with effect from 1 January 2021	249	21.1
Siloam Hospitals Buton (“SHBN”) & Lippo Plaza Buton (“LPB”)	21,934	SHBN: 15 years with option to renew for 15 years with effect from 1 January 2021 LPB: 15 years with option to renew for 15 years with effect from 10 October 2017	SHBN: 140	25.7
Siloam Hospitals Labuan Bajo	7,604	15 years with option to renew for 15 years with effect from 1 January 2021	124	12.0
Siloam Hospitals Kupang (“SHKP”) & Lippo Plaza Kupang (“LPK”)	55,368	SHKP: 15 years with option to renew for 15 years with effect from 1 January 2021 LPK: 15 years with option to renew for 15 years with effect from 14 December 2015	SHKP: 416	54.0
Siloam Sriwijaya	15,709	15 years with option to renew for 15 years with effect from 1 January 2021	357	25.5
Siloam Hospitals Purwakarta	8,254	15 years with option to renew for 15 years with effect from 1 January 2021	235	24.0
Siloam Hospitals Bali	20,958	15 years with option to renew for 15 years with effect from 1 January 2021	281	66.4

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/ Saleable Rooms	Latest Appraised Value or Agreed Purchase Price⁽¹⁾ (S\$ million)
Siloam Hospitals TB Simatupang	18,605	15 years with option to renew for 15 years with effect from 1 January 2021	269	44.2
Siloam Hospitals Manado (“SHMD”) & Hotel Aryaduta Manado (“HAMD”)	36,051	SHMD: 15 years with option to renew for a further 15 years with effect from 1 January 2021 HAMD: 15 years with option to renew for a further 15 years with effect from 21 September 2012	SHMD: 238 Beds HAMD: 199 Rooms	79.6
Siloam Hospitals Makassar	14,307	15 years with option to renew for 15 years with effect from 1 January 2021	362	69.6
Mochtar Riady Comprehensive Cancer Centre	37,933	15 years with option to renew for 15 years with effect from 1 January 2021	334	133.6
Siloam Hospitals Lippo Cikarang	13,256	15 years with option to renew for 15 years with effect from 31 December 2010	164	49.8
Siloam Hospitals Lippo Village	32,696	15 years with option to renew for 15 years with effect from 1 January 2021	308	172.8
Siloam Hospitals Kebon Jeruk	20,268	15 years with option to renew for 15 years with effect from 1 January 2021	285	77.8
Siloam Hospitals Surabaya	9,065	15 years with option to renew for 15 years with effect from 1 January 2021	162	40.9
Imperial Aryaduta Hotel & Country Club	17,926	1 year 21 days with option to renew for 1 year with effect from 11 December 2021 ⁽²⁾	191	32.2

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/ Saleable Rooms	Latest Appraised Value or Agreed Purchase Price ⁽¹⁾ (S\$ million)
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah	3,593	10 years with option to renew for 10 years exercised with effect from 11 April 2007	259	8.8
Pacific Healthcare Nursing Home II @ Bukit Panjang	3,563	10 years with option to renew for 10 years exercised with effect from 11 April 2007	265	9.2
The Lentor Residence	4,005	10 years with option to renew for 10 + 10 years with effect from 8 June 2007	208	15.2
Japan				
Hikari Heights Varus Ishiyama	8,746.98	30 years from 25 April 2013	117	10.1
Hikari Heights Varus Tsukisamu- Koen	4,362.45	30 years from 25 April 2013	58	7.7
Hikari Heights Varus Fujino	9,781.80	30 years from 25 April 2013	139	18.9
Hikari Heights Varus Kotoni	20,756.44	30 years from 25 April 2013	281	74.5
Hikari Heights Varus Makomanai- Koen	13,301.30	30 years from 25 April 2013	161	53.7
Varus Cuore Yamanote	2,807.83	30 years from 25 April 2013	59	12.1
Varus Cuore Sapporo-Kita ("VCS") & Varus Cuore Sapporo-Kita Annex ("VCS Annex")	7,636.60	VCS: 30 years from 25 April 2013 VCS Annex: 28 years and 206 days from 30 September 2014	216	34.2
ElySION Gakuenmae	3,790.00	30 years from 25 April 2013	92	19.3
ElySION Mamigaoka & ElySION Mamigaoka Annex	10,258.85	30 years from 25 April 2013	160	28.4
Orchard Amanohashidate	2,927.14	30 years from 25 April 2013	60	11.2
Orchard Kaichi North	5,057.91	30 years from 25 April 2013	79	15.6

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/ Saleable Rooms	Latest Appraised Value or Agreed Purchase Price ⁽¹⁾ (\$ million)
Orchard Kaichi West	1,561.49	30 years from 25 April 2013	29	4.9

Notes:

- (1) This table contains the latest appraised values of the Indonesia and Singapore portfolios and the agreed purchase price for the Japan Nursing Homes.
- (2) As announced on 29 November 2021, when the existing master lease agreement in respect of Imperial Aryaduta Hotel & Country Club expires on 10 December 2021, it will be renewed by the entry into a new master lease agreement.

2.2 Description of the Properties in the Existing Portfolio

2.2.1 Siloam Hospitals Yogyakarta

Siloam Hospitals Yogyakarta (“**SHYG**”), which is located at Jalan Laksda Adi Sucipto No. 32 – 34, Yogyakarta, comprises a 10-storey building (including one basement and one mezzanine level), which was originally built in 2005, erected on land with a total land area of 13,715 sq m. It has a shared multi-storey vehicle parking area on the upper levels totalling 752 and 875 car and motorcycle lots, respectively, and a helipad on the roof.

SHYG has a GFA of 12,474 sq m with a maximum capacity of 249 beds and commenced operations under the “Siloam Hospitals” brand in July 2017 with Centres of Excellence for Neuroscience and Cardiology. Physical construction and redevelopment works for SHYG were completed in 2015.

2.2.2 Siloam Hospitals Buton & Lippo Plaza Buton

Siloam Hospitals Buton (“**SHBN**”), which is located at Jl. Sultan Hasanuddin no. 54 and 58, Bau Bau, Southeast Sulawesi, Indonesia, comprises a custom built three-storey hospital with a maximum capacity of 140 beds that commenced operations in April 2016 and ancillary healthcare-related space. SHBN has a total GFA of 10,796 sq m. SHBN is a Centre of Excellence for Emergency & Trauma.

Lippo Plaza Buton (“**LPB**”), which is located at Jl. Sultan Hasanuddin no. 50 and 52, Bau Bau, Southeast Sulawesi, Indonesia, is a stand-alone single storey retail mall which commenced operations in December 2015. LPB has a total GFA of 11,138 sq m. LPB provides amenities to the visitors of SHBN. In addition, SHBN is directly linked and integrated with LPB.

2.2.3 Siloam Hospitals Labuan Bajo

Siloam Hospitals Labuan Bajo (“**SHLB**”), which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa/Kelurahan Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a custom built three-storey hospital with a maximum capacity of 124 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m. SHLB is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience. Some of the medical facilities available at SHLB include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

2.2.4 Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Kupang (“**SHKP**”), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, comprises a four-storey hospital building with one basement floor with a GFA of 21,593 sq m. It has a maximum capacity of 416 beds and 133 vehicle parking spaces. SHKP was completed in November 2014 and commenced operations under the “Siloam Hospitals” brand on 20 December 2014. It is a Centre of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics, while the various specialties offered include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.

Lippo Plaza Kupang (“**LPK**”), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, is a three-storey shopping mall with a rooftop on which a cinema and a car park are located, with a GFA of 33,775 sq m. LPK was completed in December 2014 and commenced operations in March 2015.

2.2.5 Siloam Sriwijaya

Siloam Sriwijaya is a strata-titled seven-storey hospital building which was completed in 2012. It has a maximum capacity of 357 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and 800 vehicle parking lots. Siloam Sriwijaya is currently operating under the “Siloam Hospitals” brand. Siloam Sriwijaya has a GFA of about 15,709 sq m. The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for Emergency & Trauma and Gastroenterology.

2.2.6 Siloam Hospitals Purwakarta

Siloam Hospitals Purwakarta comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has a maximum capacity of 235 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. Siloam Hospitals Purwakarta has a total GFA of about 8,254 sq m and is located at Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and is a Centre of Excellence for Emergency & Trauma.

2.2.7 Siloam Hospitals Bali

Siloam Hospitals Bali, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia, commenced operations on 17 December 2012. Siloam Hospitals Bali has an operational capacity of 281 beds, with integrated shops for related use. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the vicinity of Siloam Hospitals Bali include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. Siloam Hospitals Bali is a Centre of Excellence for Cardiology, Emergency & Trauma and Orthopaedics.

2.2.8 Siloam Hospitals TB Simatupang

Siloam Hospitals TB Simatupang, a 16-storey hospital with two basement levels, commenced operations on 15 April 2013. Siloam Hospitals TB Simatupang has an operational capacity of 269 beds. Siloam Hospitals TB Simatupang, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near to the middle to upper class residential area of Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the vicinity of Siloam Hospitals TB Simatupang include Metropolitan Tower Office Building, Poins Square and the South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Oncology.

2.2.9 Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Centre and at Jalan Piere Tendean No. 1, Manado, North Sulawesi, Indonesia, Republic of Indonesia, is an 11-storey mixed-use development with a basement level, comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which sit on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 238 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 199 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the east side of Jalan Piere Tendean and on the west side of Jalan Sam Ratulangi, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space.

Siloam Hospitals Manado is a Centre of Excellence for Emergency & Trauma. The hospital is fully equipped with the latest medical equipment and facilities, including CT, MRI, Ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

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

Hotel Aryaduta Manado is integrated with Siloam Hospitals Manado and is well positioned to benefit from shared services and healthcare tourism, given its location. It provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families.

2.2.10 Siloam Hospitals Makassar

Siloam Hospitals Makassar is located at Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi, Indonesia. Siloam Hospitals Makassar is a seven-storey hospital which commenced operations on 9 September 2012 with a maximum operational capacity of 362 beds. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial development. Notable developments in the vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebas Convention Centre, Trans Makassar Mall and Losari Beach.

Siloam Hospitals Makassar is equipped with state-of-the-art facilities, including CT, MRI, Ultrasound, Mammography and cardiac catheterisation system, 58 specialist outpatient clinic suites and three operating theatres. Siloam Hospitals Makassar is a Centre of Excellence for Cardiology, Emergency & Trauma and Endocrinology.

2.2.11 Mochtar Riady Comprehensive Cancer Centre

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

Located near Plaza Semanggi, The Aryaduta Apartments and other international five-star hotels in Central Jakarta, the 29-storey, 334 beds Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients. It is a Centre of Excellence for Oncology, Gastroenterology and Emergency & Trauma.

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

It also provides chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, inhouse clinical trials and integrated IT and PACS/RIS.

2.2.12 Siloam Hospitals Lippo Cikarang

Siloam Hospitals Lippo Cikarang commenced operations in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential area east of Jakarta. Siloam Hospitals Lippo Cikarang has 164 beds and is supported by a team of specialist doctors and qualified nurses offering a broad range of general and specialist services, including an A&E Department. Siloam Hospitals Lippo Cikarang is a Centre of Excellence for Emergency & Trauma, Internal Medicine and Urology.

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

2.2.13 Siloam Hospitals Lippo Village

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

In November 2007, Siloam Hospitals Lippo Village became the first Indonesia hospital to attain the United States-based Joint Commission International accreditation – the world's leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 32,696 sq m.

2.2.14 Siloam Hospitals Kebon Jeruk

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

With its location about 6.0 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 20,268 sq m. The hospital was accredited with the prestigious United States-based Joint Commission International accreditation in August 2016.

2.2.15 Siloam Hospitals Surabaya

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

Siloam Hospitals Surabaya is a Centre of Excellence for Cardiology, Emergency & Trauma with a maximum bed capacity of 162 beds. The hospital occupies a land area of 4,306 sq m and has a GFA of 9,065 sq m.

2.2.16 Imperial Aryaduta Hotel & Country Club

One of the very few hotels with linked country clubs in Jakarta, the 191-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services.

Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,926 sq m.

2.2.17 Pacific Healthcare Nursing Home @ Bukit Merah

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

Managed by Pacific Healthcare Nursing Home Pte. Ltd., the nursing home has a land area of 1,984 sq m and has a GFA of 3,593 sq m. Lease tenure for the land is for a period of 30 years with effect from 22 April 2002.

2.2.18 Pacific Healthcare Nursing Home II @ Bukit Panjang

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

Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30 years with effect from 14 May 2003.

2.2.19 The Lentor Residence

The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2019 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

The asset enhancement of an additional storey and a five-storey extension building was completed in February 2013. Lease tenure for the land is for a period of 99 years with effect from 20 August 1938.

2.2.20 Hikari Heights Varus Ishiyama

The 9-storey property is easily accessible via bus from Makomanai Station on the Sapporo City Subway Nanboku Line. The 117-room nursing home can house a maximum of 149 residents. A large proportion of its residents has stayed in the home for more than 15 years.

2.2.21 Hikari Heights Varus Tsukisamu-Koen

Located in a suburban area on the fringe of Sapporo city centre, Hikari Heights Varus Tsukisamu-Koen has been in operation since 1990 and more than half of its residents have resided there for more than 15 years. The 10-storey nursing home has 58 rooms that can accommodate a maximum occupancy of 73 residents.

2.2.22 Hikari Heights Varus Fujino

Located in the residential Minami area of Sapporo, which is about an hour's drive from the city centre, the 13-storey rental nursing home has 139 rooms that can accommodate up to 187 residents.

2.2.23 Hikari Heights Varus Kotoni

Hikari Heights Varus Kotoni is located in a residential area approximately 20 minutes from Sapporo city centre and a short walk from the Kotoni Station on the JR Hakodate Main Line. The 14-storey nursing home comprises 281 one- and two-bedded rooms with a maximum occupancy of 364 residents.

2.2.24 Hikari Heights Varus Makomanai-Koen

The 10-storey nursing home is located in a residential area just outside Sapporo city centre. It houses 161 one- and two-bedded rooms with a maximum occupancy of 196 residents.

2.2.25 Varus Cuore Yamanote

Located in a residential area not far from Sapporo city centre, the 4-storey nursing facility has been in operation since 2005. It houses 59 one- and two-bedded rooms with a maximum capacity of 60 residents. With easy accessibility to JR Kotoni Station on the Sapporo City Subway Tozai Line, the home has enjoyed a high occupancy rate with a waiting list of new residents.

2.2.26 Varus Cuore Sapporo-Kita & Varus Cuore Sapporo-Annex

Located to the northwest of Yurigahara Station on the JR Gakuentoshi Line, the nursing facility consists of two buildings: 5-storey Varus Cuore Sapporo-Kita with 126 rooms, and 3-storey Varus Cuore Sapporo-Kita Annex with 90 rooms. The two buildings can accommodate a total of 222 residents. The property is well-staffed with nurses and counsellors and is in a location that allows easy access to clinics and hospitals.

2.2.27 Elysion Gakuenmae

Located in a residential area in Nara, Elysion Gakuenmae is easily accessible by bus from Gakken Nara-Tomigaoka Station and with easy access to the highway leading to Nara's city centre. The 5-storey nursing facility has 92 fully furnished rooms as well as a variety of community spaces, healthcare rooms and lounges. A large hypermart and a nearby hospital also add to the location appeal of this property.

2.2.28 Elysion Mamigaoka & Elysion Mamigaoka Annex

Elysion Mamigaoka & Elysion Mamigaoka Annex are located in a residential area in Kitakatsuragi, Nara and is the only facility in the area. It consists of a 5-storey and a 4-storey building easily accessible by bus from Goido Station on the Kintetsu Osaka Line. Its 160 fully-furnished one- and two-bedded rooms can accommodate up to 165 residents.

2.2.29 Orchard Amanohashidate

Orchard Amanohashidate is a lovely nursing facility located next to the famous and scenic Amanohashidate coastline. It comprises a 3-storey nursing home with 60 rooms and a 2-storey daycare service centre. Located six minutes by bus from Amanohashidate Station on the Kyoto Tango Railway Miyatoyo Line, the nursing facility is within walking distance to parks and facilities such as a shopping centre, train station, hospital and city office.

2.2.30 Orchard Kaichi North

Located in the residential area of Matsumoto Nagano, a short distance from Japan's historic Matsumoto Castle and a 15-minute walk from JR Kitamatsumoto Station, the 4-storey nursing home houses 79 rooms with a maximum capacity of 85 residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.

2.2.31 Orchard Kaichi West

Located next to Orchard Kaichi North in the residential area of Matsumoto Nagano, Orchard Kaichi West has a total of 29 rooms for residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and an event hall.

2.3 Lease Expiry of the Existing Portfolio and the Revised Portfolio

The WALE by GFA will remain flat at approximately 13.5 years for the Existing Portfolio as at 31 December 2021 to approximately 13.5 years for the Revised Portfolio as at 31 December 2021.

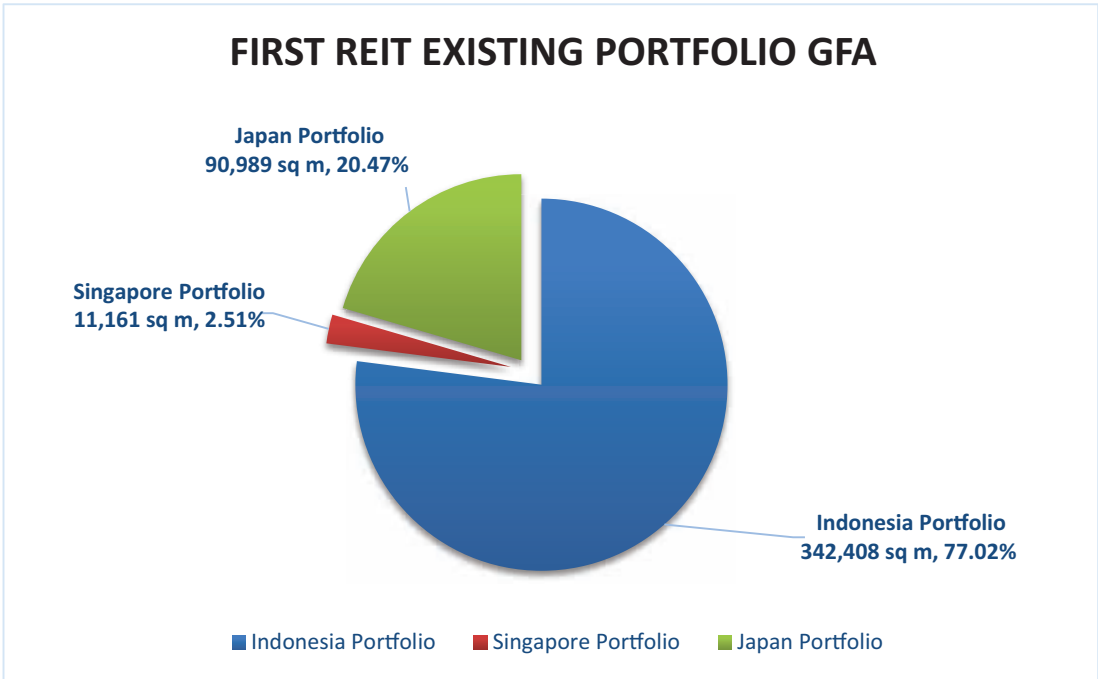
2.4 Land Lease Expiry of the Existing Portfolio and the Revised Portfolio

The weighted average land lease expiry by GFA will remain flat at approximately 16.7 years for both the Existing Portfolio as at 31 December 2021 and the Revised Portfolio as at 31 December 2021¹.

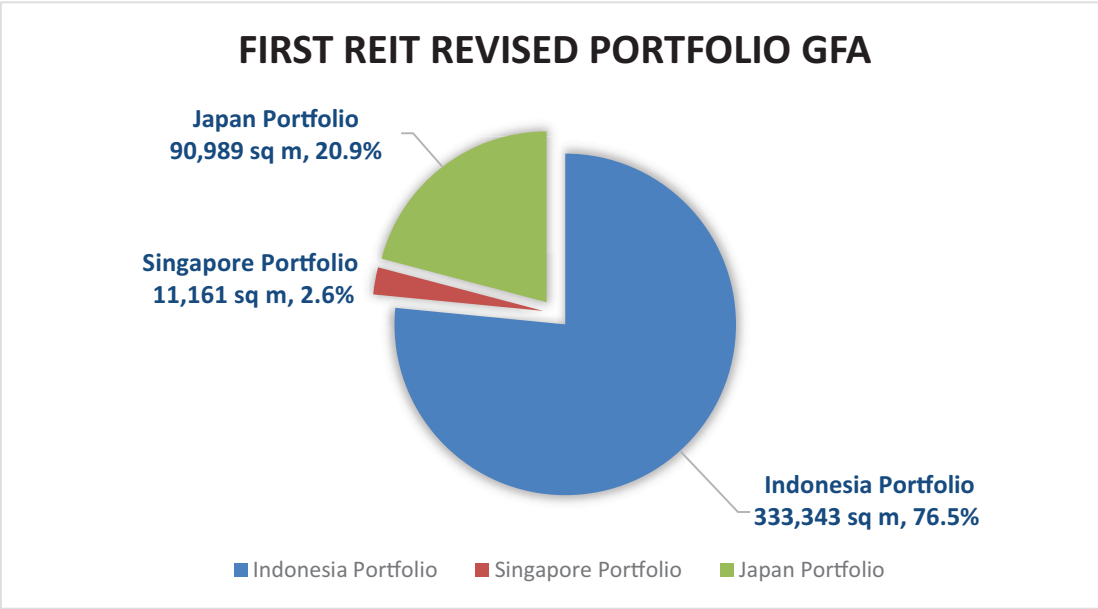
¹ Given that the Japan Nursing Homes comprise freehold land titles and Siloam Sriwijaya is a strata-titled property, both the Japan Nursing Homes and Siloam Sriwijaya have been excluded from the land lease expiry computations.

2.5 Geographical Sector Analysis of the Existing Portfolio and the Revised Portfolio

The following charts provide a breakdown by GFA of the different geographical sectors of the Existing Portfolio and the Revised Portfolio as at 31 December 2021. They are classified as Indonesia, Singapore and Japan.

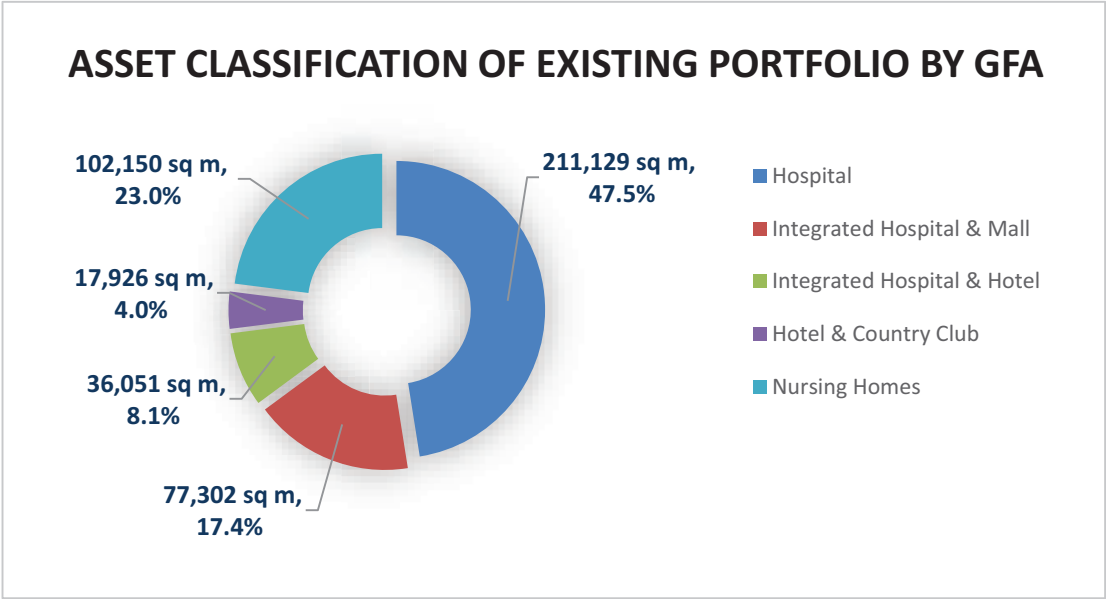


The GFA of the Revised Portfolio as at 31 December 2021 will decrease by 2.0% from 444,558 sq m to 435,493 sq m after the Proposed Divestment.

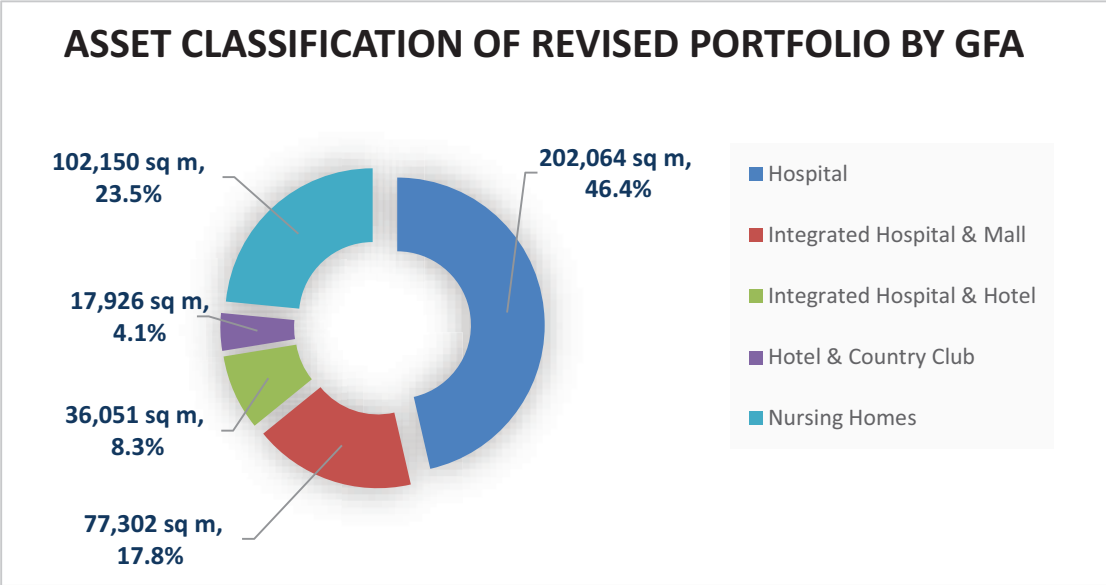


2.6 Asset Classification Analysis of the Existing Portfolio and the Revised Portfolio

The following charts provide a breakdown by GFA of the different asset classifications of the Existing Portfolio and the Revised Portfolio as at 31 December 2021.



The GFA of the Hospital classification in the Revised Portfolio decreased by 4.3% from 211,129 sq m to 202,064 sq m after the Proposed Divestment.



INDEPENDENT FINANCIAL ADVISER'S LETTER

STIRLING COLEMAN CAPITAL LIMITED

(Company registration no.:200105040N)
9 Raffles Place
Distrii Level 6, Republic Plaza
Singapore 048619

30 June 2022

To: The Independent Directors of
First REIT Management Limited
(in its capacity as manager of First REIT) (the "**Manager**");

The Audit and Risk Committee of the Manager; and

Perpetual (Asia) Limited
(in its capacity as trustee of First REIT) (the "**Trustee**");

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S ADVICE IN RESPECT OF THE PROPOSED DIVESTMENT (AS DEFINED HEREIN) AS AN INTERESTED PERSON TRANSACTION

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 30 June 2022 to the Unitholders of First REIT (the "**Circular**").*

1 INTRODUCTION

First REIT was established with the principal investment objective of owning and investing in a diversified portfolio of income-producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes including, but not limited to, hospitals, nursing homes, medical clinics, pharmacies, laboratories, diagnostic/imaging facilities and real estate and/or real estate related assets used in connection with healthcare research, education, lifestyle and wellness management, manufacture, distribution or storage of pharmaceuticals, drugs, medicine and other healthcare goods and devices and such other ancillary activities relating to the primary objective, whether wholly or partially owned, and whether directly or indirectly held through the ownership of special purpose vehicles whose primary purpose is to hold or own real estate.

Proposed Divestment being an Interested Person Transaction and Interested Party Transaction requiring Unitholders Approval

The Manager is seeking the approval of independent Unitholders for the proposed divestment by Primerich Investments Pte Ltd and Surabaya Hospitals Investment Pte Ltd, each of which is a wholly-owned subsidiary of First REIT (collectively, the "**Vendors**"), to 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**"), 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**"), which 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 certificate¹ No. 340/Gubeng, HGB No. 343/Gubeng, HGB No. 408/Gubeng, HGB No. 476/Gubeng and HGB No. 494/Gubeng (“**Siloam Hospitals Surabaya**”), for a divestment consideration of Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments) (the “**Divestment Consideration**”) by way of an Ordinary Resolution² (the “**Proposed Divestment**”).

2 TERMS OF REFERENCE

Stirling Coleman has been appointed to advise the Independent Directors, the Audit and Risk Committee and the Trustee on whether the Proposed Divestment is on normal commercial terms and whether the Proposed Divestment is prejudicial to the interests of First REIT and its minority Unitholders.

We have prepared this IFA Letter pursuant to Listing Rules 921(4)(a) for the use of the Independent Directors and the Audit and Risk Committee in connection with their consideration of the Proposed Divestment and their advice and recommendation to the Unitholders in respect thereof. The recommendations made to the Unitholders in relation to the Proposed Divestment remains the responsibility of the Independent Directors and the Audit and Risk Committee. This Letter is further given for the benefit of Perpetual (Asia) Limited (in its capacity as trustee of First REIT).

We were not involved in any aspect of the negotiations in relation to the Proposed Divestment, nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the Proposed Divestment, and we do not, by this Letter or otherwise, advise or form any judgment on the merits of the Proposed Divestment other than to form an opinion on each of the Proposed Divestment as stated above. Our evaluation is limited to the terms of the Proposed Divestment, and has not taken into account the risks and/or merits of the Proposed Divestment or the future prospects of First REIT, including whether the Proposed Divestment is commercially desirable or justifiable, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and the management of the Manager, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. Accordingly, it is not within our scope to conduct a comprehensive independent review of the business, operations or financial condition of First REIT.

It is not within our terms of reference to compare the relative merits of the Proposed Divestment vis-à-vis any alternative transaction previously considered by the Manager or transactions that the Manager may consider in the future, and such comparison and consideration remain the responsibility of the Directors.

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, real property, machinery and equipment) of First REIT, and we have not been furnished with any such evaluation or appraisal except for the relevant valuation reports by the Independent Valuers. We are not experts in the evaluation or appraisal of assets and liabilities or the determination of the market value of the Proposed Divestment and have relied solely on the Independent Valuers in this respect.

In formulating our opinion and recommendation, we have held discussions with the Directors and management of the Manager and have examined publicly available information and we have relied to a considerable extent on the information set out in the Circular, other public information collated by us and

1 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 “**Ordinary Resolution**” refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the “**Trust Deed**”).

the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Manager and its other professional advisers. We have relied upon the assurance of the Directors and the management of the Manager that all statements of fact, opinion and intention made by the Directors and the management of the Manager in the Circular have been reasonably made after due and careful enquiry. We have not independently verified such information but have made such reasonable enquiries and exercised our judgement as we deemed appropriate on such information and have no reason to doubt the accuracy or reliability of the information used for the purposes of our evaluation. Accordingly, we cannot and do not expressly and impliedly represent or warrant, and do not accept any responsibility for the accuracy, or completeness or adequacy of such information or the manner in which it has been classified or presented or the basis of any valuation which may have been included in the Circular or announced by First REIT. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. Accordingly, we do not express an opinion herein as to the prices at which the Units of First REIT may trade upon completion of the Proposed Divestment.

In rendering our services, we have not taken into consideration the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Unitholder. As each Unitholder would have different investment objectives and profiles, any individual Unitholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Manager has been separately advised by its own advisers in the preparation of the Circular (other than this Letter). We have had no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this Letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter).

Our recommendation in respect of the Proposed Divestment as set out in Section 6 of the Circular, should be considered in the context of the entirety of this Letter and the Circular. Where information in this Letter has been extracted from the Circular, Unitholders are urged to read the corresponding sections in the Circular carefully.

3 INFORMATION ON THE PROPOSED DIVESTMENT

Detailed descriptions of the Proposed Divestment are set out in **Section 2** of the Circular. The key information relating to the Proposed Divestment are reproduced below.

3.1 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 billion³) 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.”

³ Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.

Location	<i>Jalan Raya Gubeng No. 70, Sub-District of Gubeng, District of Gubeng, Regency of Surabaya, Province of East Java, Indonesia</i>
Title	Five HGB titles comprising: (i) <i>title certificate HGB No. 340/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022;</i> (ii) <i>title certificate HGB No. 343/Gubeng with a remaining lease term of 12.3 years as at 31 January 2022;</i> (iii) <i>title certificate HGB No. 408/Gubeng with a remaining lease term of 4.6 years as at 31 January 2022;</i> (iv) <i>title certificate HGB No. 476/Gubeng with a remaining lease term of 19.8 years as at 31 January 2022; and</i> (v) <i>title certificate HGB No. 494/Gubeng with a remaining lease term of 21.6 years as at 31 January 2022</i>
Year of Building Completion	1977
Land Area (sq m)	4,306 ⁽¹⁾
GFA (sq m)	9,065 ⁽²⁾
Number of Hospital Beds	162
Centre of Excellence	<i>Cardiology, Emergency & Trauma</i>
Independent Valuation by C&W⁽³⁾ (as at 31 January 2022)⁽⁴⁾	<i>Rp.430,820,000,000 (approximately S\$40.9 million)</i>
Independent Valuation by Knight Frank⁽⁵⁾ (as at 31 January 2022)⁽⁴⁾	<i>Rp.428,335,000,000 (approximately S\$40.7 million)</i>
Average of the Two Independent Valuations	<i>Rp.429,577,500,000 (approximately S\$40.8 million)</i>
Divestment Consideration and Agreed Property Value	<i>Rp.430.0 billion (approximately S\$40.9 million), subject to post-completion adjustments</i>

Note:

- (1) 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, the GFA of Siloam Hospitals Surabaya was 9,042 sq m. Since 11 December 2006, minor asset enhancement initiatives have been completed at Siloam Hospitals Surabaya, resulting in a minor increase in the GFA to 9,065 sq m.
- (3) C&W is the independent valuer appointed by the Trustee.
- (4) C&W and Knight Frank (collectively, the "Independent Valuers") relied on the discounted cash flow method of valuation.
- (5) (Knight Frank is the independent valuer appointed by the Manager.

3.2 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%⁴ gross 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 Sales Shares as at the date of completion of the Proposed Divestment, the estimated net loss on the Proposed Divestment is approximately S\$0.6 million⁵.”

Summarised versions of the valuation reports (the “**Valuation Certificates**”) are contained in **Appendix C** to the Circular.

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

“In connection with the Proposed Divestment, the Vendors had on 18 May 2022 entered into the Conditional Sale and Purchase Agreement with the Purchasers to acquire the Sale Shares.

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 (the “**Board**”);*
- 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 the SGX-ST;*

(b) *the satisfaction of the following by PT TP:*

⁴ The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

⁵ 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. *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 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;*
- (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.”*

3.4 Estimated Total Divestment Cost

“The estimated Total Divestment Cost is approximately S\$0.6 million, comprising:

- (i) 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.”*

3.5 Use of Divestment Proceeds

“The Proposed Divestment provides First REIT with the opportunity to optimise its capital structure and enhance long-term returns for 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.”

3.6 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.”

4 EVALUATION OF THE PROPOSED DIVESTMENT

4.1 Summary of analysis performed

In arriving at our opinion on the Proposed Divestment, we have performed among other things, the following analysis:

- Rationale for the Proposed Divestment;
- Assessment of the financial terms of the Proposed Divestment;
- Review of the pro forma financial effects after the Proposed Divestment on the DPU, NAV per Unit and total capitalisation of First REIT as at 31 December 2021;
- Comparison of the pro forma distribution yield of First REIT after the Proposed Divestment against comparable Singapore REITs;
- Analysis of the impact of the Proposed Divestment on the weighted average years to lease expiry and the weighted average age of property of First REIT; and
- Other considerations relating to the Proposed Divestment.

4.2 Analysis on the Proposed Divestment

4.2.1 Rationale for the Proposed Divestment

The Manager’s rationale for the Proposed Divestment is set out in **Section 3** of the Circular, the extracts of which are reproduced below:

“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 billion) on 11 December 2006. Based on the Agreed Property Value of Rp.430.0 billion, this translates to capital gains of 143.2%⁶.

Opportunity to Recycle a Mature Asset Instead of Taking on Excessive Development Risk

*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. This 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 the First REIT.

Therefore, the Manager believes that the Proposed Divestment is an opportunity to recycle a mature asset that has been held within First REIT’s portfolio since First REIT’s initial public offering instead of taking on such excessive development risk.

Prudent Exit Strategy and Presents a Holistic Approach that Resolves Downstream Complications

*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

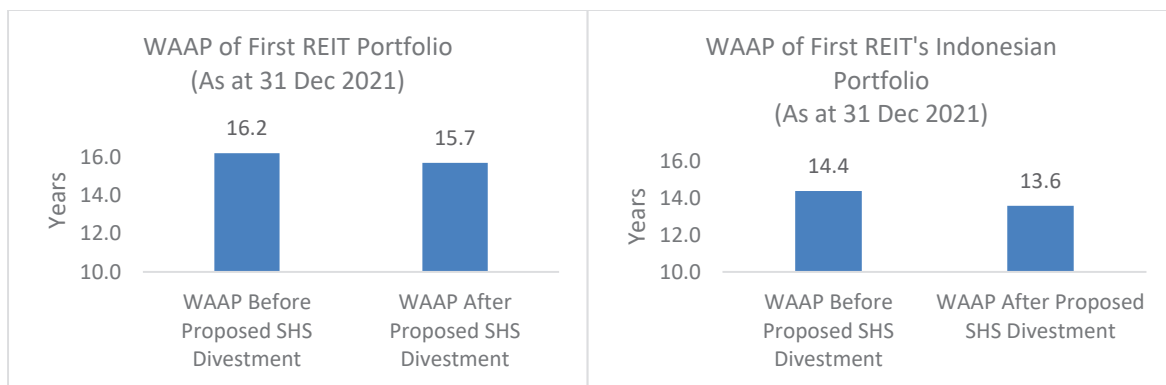
⁶ The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

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.

Improvement in the Weighted Average Age of Property for First REIT

Following the Proposed Divestment, the weighted average age of property (“WAAP”)⁷ 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 Homes. When compared against First REIT’s Indonesian portfolio of 16 assets, the WAAP of the Indonesian portfolio will also improve from 14.4 years as at 31 December 2021, to 13.6 years.



The weighted average lease expiry (“WALE”) by GFA will remain flat at approximately 13.5 years for the Existing Portfolio as at 31 December 2021 to approximately 13.5 years for the Existing Portfolio excluding Siloam Hospitals Surabaya (the “Revised Portfolio”) as at 31 December 2021.

The weighted average land lease expiry by GFA will remain flat at approximately 16.7 years for both the Existing Portfolio as at 31 December 2021 and the Revised Portfolio as at 31 December 2021⁸.

4.2.2 Assessment of the financial terms of the Proposed Divestment

Pursuant to the Conditional Sale and Purchase Agreement, the Divestment Consideration is approximately Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments). In evaluating the reasonableness of the Divestment Consideration, we have considered the following factors which have a bearing on our assessment:

(i) Basis for arriving at the Divestment Consideration

We note that the Divestment Consideration of approximately S\$40.9 million was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuations of Siloam Hospitals Surabaya 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.

Two independent property valuers were appointed for the purpose of determining the market value of Siloam Hospitals Surabaya. The market value by Cushman & Wakefield VHS Pte. Ltd. in conjunction with

⁷ WAAP is computed on a GFA basis.

⁸ Given that the Japan Nursing Homes comprise freehold land titles and Siloam Sriwijaya is a strata-titled property, both the Japan Nursing Homes and Siloam Sriwijaya have been excluded from the land lease expiry computations.

KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan (“**C&W**”) (appointed by the Trustee) is as at 31 January 2022, and the market value by KJPP Willson & Rekan in association with Knight Frank (“**Knight Frank**”) (appointed by the Manager) is as at 31 January 2022.

The valuations were derived by C&W and Knight Frank using the “Market Value” basis. The income approach utilising the discounted cash flow method had been used to determine the “Market Value”. This approach considers the subject property as an income producing property.

(ii) Valuation of Siloam Hospitals Surabaya by the Independent Valuers

Summarised versions of the valuation reports (the “**Valuation Certificates**”) are contained in **Appendix C** to the Circular, with the determined market values set out below:

Property	Appraised Value				Agreed Property Value (S\$ million) ⁽¹⁾
	By C&W as at 31 January 2022		By Knight Frank as at 31 Jan 2022		
	(S\$ million) ⁽¹⁾	(Rp. Billion)	(S\$ million) ⁽¹⁾	(Rp. Billion)	
Siloam Hospitals Surabaya	40.9	430.8	40.7	428.3	40.9
Agreed Property Value Premium/ (Discount) to valuation (%)	(0.2)%		0.4%		

Note:

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

Our observations in relation to the Valuation Certificates are as follows:

- The Valuation Report prepared by C&W has adopted the “Market Value” basis in accordance with the Singapore Institute of Surveyors and Valuers’ Valuation Standards and Practice Guidelines, 2015 Edition and Indonesian Valuation Standard (SPI), 2018 Edition VII. The income approach utilising the discounted cash flow method had been used to determine the “Market Value”. This approach considers the subject property as an income producing property.
- The Valuation Report prepared by Knight Frank has adopted the “Market Value” basis in accordance with the Indonesian Valuation Standards (Standar Penilaian Indonesia) VII Edition - 2018, and the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI). The income approach utilising the discounted cash flow method had been used to determine the “Market Value”. This approach considers the subject property as an income producing property.
- Based on the Agreed Property Value of S\$40.9 million and the appraised values of Siloam Hospitals Surabaya of S\$40.9 million and S\$40.7 million by C&W and Knight Frank respectively, we note that the Agreed Property Value is approximately at a 0.2% discount and 0.4% premium against the appraisal values by C&W and Knight Frank respectively and approximately 0.1% premium against the average of the two independent valuation for Siloam Hospitals Surabaya.

We note that in the announcement of the “Annual Valuation of Properties” by First REIT on 10 February 2022, the market value of Siloam Hospitals Surabaya was appraised as at 31 December 2021 by C&W at S\$40.9 million (IDR 430.2 billion). We note that the appraised value of S\$40.9 million then was similar to the average appraised value of S\$40.9 million for Siloam Hospitals Surabaya as at 31 January 2022 by the Independent Valuers.

Further information regarding the Valuation Certificates can be obtained throughout the Circular, in particular within **Appendix C** to the Circular.

4.2.3 Review of the pro forma financial effects after the Proposed Divestment on the DPU, NAV per Unit and total capitalization of First REIT as at 31 December 2021

Pro Forma DPU

The *pro forma* financial effects of the Proposed Divestment on the distribution per Unit (“DPU”) and DPU yield for FY2021, as if the Proposed Divestment was completed on 1 January 2021, are as follows:

	<i>Pro forma effects of the Proposed Divestment for FY2021</i>		
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and with certain adjustments⁽²⁾
Rental and other income (S\$'000)	102,346	98,300	98,300
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 ⁽⁴⁾	2.28 ⁽⁴⁾
DPU Yield (%) ⁽⁵⁾	8.6%	7.5% ⁽⁶⁾	7.5% ⁽⁶⁾

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) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU would be 1.80 cents.
- (5) Based on a Unit price of S\$0.305 as at 31 December 2021.
- (6) Including the 431,147,541 Units issued from 17 February 2022 to the Latest Practicable Date but excluding the contributions from the Japan Nursing Homes, the pro forma DPU yield would be 5.9%.

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:

	<i>Pro forma effects of the Proposed Divestment for FY2021</i>		
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and with certain adjustments⁽²⁾
NAV (S\$'000)	591,145	588,672	588,636
Units in issue and to be issued ⁽³⁾	1,613,028,634	1,613,649,162	1,613,528,798
NAV per Unit (cents)	36.65	36.48	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.
- (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.

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.

	<i>Pro forma effects of the Proposed Divestment for FY2021</i>		
	FY2021 Audited Consolidated Financial Statements⁽¹⁾	After the Proposed Divestment	After the Proposed Divestment and 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	588,672	588,636
Perpetual securities holders' fund	60,675	60,675	60,675
Total Capitalisation	1,001,031	998,558	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.

Based on the pro forma financial effects above, we note that:

- (i) the pro forma DPU after the Proposed Divestment will decrease from 2.61 cents to 2.28 cents for FY2021;
- (ii) the pro forma NAV per Unit after the Proposed Divestment will decrease from 36.65 cents to 36.48 cents as at 31 December 2021; and
- (iii) the pro forma total capitalisation after completing the Proposed Divestment will decrease from S\$1,001.0 million to S\$998.6 million as at 31 December 2021.

We note that the decrease in the pro forma financial effects above were due to (i) the loss of rental and other property income from Siloam Hospitals Surabaya; (ii) the estimated net loss of approximately S\$0.6 million for the Proposed Divestment; and (iii) the increase in number of Units as a result of the issue of Units to the Manager as Divestment Fees.

Unitholders should note that the figures presented above are strictly for illustrative purposes only, are prepared based on the FY2021 Audited Consolidated Financial Statements and assumptions stated in **Section 5** of the Circular.

4.2.4 Comparison of the pro forma distribution yield of First REIT after the Proposed Divestment against comparable Singapore REITs

We have extracted the distribution yield (on a trailing 12-month basis) of other REITs listed on the SGX-ST (“Singapore REITs”) in order to compare the distribution yields offered by the Singapore REITs with the pro forma distribution yield of First REIT.

The information in the table presented below is for illustration purposes only. While we have made our comparisons against the Singapore REITs as shown in the table below, we recognise that the properties of the Singapore REITs may differ significantly from the properties owned by First REIT in terms of property segments, building size and design, building age, location, accessibility, tenant composition, market risks, future prospects, operating history and other relevant criteria. There is no REIT which may be considered identical to First REIT in terms of the aforesaid factors.

Accordingly, the Independent Directors and the Audit and Risk Committee should note that any comparison made with respect to the Singapore REITs serves as an illustrative guide only.

Comparable Singapore REITs and property trusts distribution yields

Name	Yield (%)	Trailing 12 months Distribution Per Unit (S\$)	Closing Price as at the Latest Practicable Date ⁽¹⁾ (S\$)
Cromwell European Real Estate Investment Trust	9.06	0.270	2.973
IREIT Global	7.63	0.047	0.610
ESR-LOGOS REIT	7.36	0.030	0.405
AIMS APAC REIT	7.08	0.097	1.370
Ascendas India Trust	7.01	0.083	1.180
Lippo Malls Indonesia Retail Trust	6.92	0.004	0.052
Sabana Industrial Real Estate Investment Trust	6.78	0.031	0.450
OUE Commercial Real Estate Investment Trust	6.67	0.026	0.390
Starhill Global REIT	6.58	0.039	0.585
Frasers Logistics & Commercial Trust	5.64	0.077	1.370
Suntec Real Estate Investment Trust	5.35	0.087	1.620
Frasers Centrepoint Trust	5.34	0.122	2.290
Keppel REIT	5.24	0.058	1.110
Mapletree Industrial Trust	5.21	0.138	2.650
Mapletree Commercial Trust	5.15	0.095	1.850
Mapletree Logistics Trust	5.14	0.088	1.710
Keppel DC REIT	4.85	0.099	2.030
CapitaLand Integrated Commercial Trust	4.75	0.104	2.190
SPH REIT	4.68	0.044	0.940
Far East Hospitality Trust	4.11	0.026	0.640
Ascott Residence Trust	3.86	0.043	1.120
CDL Hospitality Trusts	3.24	0.043	1.320
Parkway Life Real Estate Investment Trust	2.90	0.141	4.860
Frasers Hospitality Trust	2.17	0.015	0.695
Max	9.06		
Min	2.17		
Median	5.34		
Simple Average	5.52		
First REIT (Before the Proposed Divestment)	9.32	0.026⁽²⁾	0.280
First REIT (Pro forma after the Proposed Divestment)	8.14	0.023⁽³⁾	0.280

Source: Bloomberg L.P. and financial statements.

Notes:

1. Based on the Latest Practicable Date as at 27 June 2022.
2. Based on the FY2021 Audited Consolidated Financial Statements DPU of 2.61 cents.
3. Based on the FY2021 pro forma DPU of 2.28 cents after the Proposed Divestment.

From the table above, we noted the following:

- (i) The distribution yields of the Singapore REITs range between 2.2% and 9.1%;
- (ii) The pro forma distribution yield of First REIT after the Proposed Divestment of 8.1% is above the range of Singapore REITs (with the exception of Cromwell European Real Estate Investment Trust). In addition, we also note that the pro forma distribution yield of First REIT after the Proposed Divestment is higher than the distribution yield of Parkway Life REIT of 2.9% being the closest comparable to First REIT in terms of industry segment; and
- (iii) Although the pro forma distribution yield of First REIT will decrease from 9.3% to 8.1% following the Proposed Divestment, the pro forma distribution yield of First REIT after the Proposed Divestment remains more favourable compared to the distribution yields of the Singapore REITs.

Based on the above, the Proposed Divestment does not appear to be unreasonable or prejudicial to the interests of First REIT and its minority Unitholders.

4.2.5 Analysis of the impact of the Proposed Divestment on the property yield, the weighted average years to lease expiry (“WALE”) and the weighted average age of the portfolio (“WAAP”) of First REIT

We note that following the Proposed Divestment, the WAAP for 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 Homes⁹.

We note that following the Proposed Divestment, the WALE for First REIT will remain relatively flat at approximately 13.5 years as at 31 December 2021 and on a pro forma basis¹⁰.

First REIT will benefit from the improvement in WAAP for its Enlarged Portfolio after completion of the Proposed Divestment.

4.2.6 Other considerations relating to the Proposed Divestment

(i) Divestment Consideration to be received fully in cash

We note that the Divestment Consideration shall be received fully in cash on the following basis:

- (a) 10% of the Divestment Consideration to be received no later than two Business Days after the execution of the Conditional Sale and Purchase Agreement; and
- (b) the remaining 90% of the Divestment Consideration to be received on completion of the Proposed Divestment, in accordance with the Conditional Sale and Purchase Agreement.

(ii) Estimated Total Divestment Cost

The estimated Total Divestment Cost is approximately S\$0.6 million, comprising:

- (i) 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.

⁹ On 1 March 2022, the Manager announced the completion of the acquisition from OUE Lippo Healthcare Limited 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 gross floor area (“GFA”) of 444,558 square metres.

¹⁰ Given that the Japan Nursing Homes comprise freehold land titles and Siloam Sriwijaya is a strata-titled property, both the Japan Nursing Homes and Siloam Sriwijaya have been excluded from the land lease expiry computations.

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.

We note that the Total Divestment Cost is approximately 1.5% of the Divestment Consideration.

(iii) Use of proceeds from the Proposed Divestment

We note that the net proceeds from the Proposed Divestment of approximately S\$40.3 million 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.

(iv) Absence of alternative offers for Siloam Hospitals Surabaya

The Manager have confirmed that, as at Latest Practicable Date, apart from the offer received from Siloam, there is no competing offer or proposal received from any third party for Siloam Hospitals Surabaya.

5 SUMMARY OF ANALYSIS

In arriving at our recommendation in respect of the Proposed Divestment, we have taken into account the views and representations by the Directors and the Manager and the factors set out in section 4 of this Letter. The key considerations are summarised below:

- a. the Manager's rationale for the Proposed Divestment appears to be based on sound commercial grounds, notably the Proposed Divestment is an opportunity to recycle a mature asset instead of taking on excessive development risk and allows First REIT to reap capital gains and recycle capital in alignment with the "First REIT 2.0 Growth Strategy";
- b. the Agreed Property Value is approximately at a 0.2% discount and 0.4% premium against the appraisal values by C&W and Knight Frank respectively and approximately 0.1% premium against the average of the two independent valuation for Siloam Hospitals Surabaya;
- c. we note the following changes to the pro forma financial ratios after the Proposed Divestment, (i) the decrease in the pro forma DPU from 2.61 cents to 2.28 cents for FY2021; (ii) the decrease in the pro forma NAV per Unit from 36.65 cents to 36.48 cents as at 31 December 2021; and (iii) the decrease in the pro forma total capitalisation from S\$1,001.0 million to S\$998.6 million as at 31 December 2021 due to (i) the loss of rental and other property income from Siloam Hospitals Surabaya; (ii) the estimated net loss of approximately S\$0.6 million for the Proposed Divestment; and (iii) the increase in number of Units as a result of the issue of Units to the Manager as Divestment Fees;
- d. the pro forma distribution yield of First REIT after the Proposed Divestment at 8.1% is above the range (more favourable) of its listed comparable Singapore REITs (with the exception of Cromwell European Real Estate Investment Trust). In addition, we also note that the pro forma distribution yield of First REIT after the Proposed Divestment is higher than the distribution yields of Parkway Life REIT of 2.9% being the closest comparable to First REIT in terms of industry segment;
- e. following the Proposed Divestment, the WALE for First REIT will remain relatively flat at approximately 13.5 years as at 31 December 2021 and on a pro forma basis;

- f. following the Proposed Divestment, the WAAP for 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 Homes.

First REIT will benefit from the improvement in WAAP for its Enlarged Portfolio after completion of the Proposed Divestment;

- g. the Divestment Consideration shall be received fully in cash;
- h. the Total Divestment Cost is approximately 1.5% of the Divestment Consideration;
- i. net proceeds from the Proposed Divestment of approximately S\$40.3 million may be used to repay, finance any capital expenditure and asset enhancement works and/or general corporate and working requirements, and to distribute as capital gains; and
- j. the absence of alternative offers for Siloam Hospitals Surabaya.

6 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors set out in section 5 of this Letter, and subject to the qualifications and assumptions made herein, we are of the view that: the Proposed Divestment is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, we are of the view that the Independent Directors and the Audit and Risk Committee should recommend that minority Unitholders vote in favour of the Proposed Divestment.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and the management of the Manager and therefore does not reflect any projections or future financial performance of First REIT after the completion of the Proposed Divestment and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the Proposed Divestment.

This Letter (for inclusion in the Circular) and our opinion therein has been prepared as required under Listing Rule 921(4)(a), is addressed to the Independent Directors, and the Audit and Risk Committee and the Trustee for their benefit, in connection with and for the purpose of their consideration of the Proposed Divestment. The recommendation made by the Independent Directors and the Audit and Risk Committee to the Unitholders in relation to the Proposed Divestment remains the responsibility of the Independent Directors and the Audit and Risk Committee.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not imply by implication to any other matter.

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

YAP YEONG KEEN
MANAGING DIRECTOR

VALUATION CERTIFICATES



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29 April 2022

Perpetual (Asia) Limited
(in its capacity as trustee of First Real Estate Investment Trust) (“Trustee” or “Client”)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981
Attention: Ms Sin Li Choo

Dear Sirs,

RE: VALUATION OF SILOAM HOSPITAL SURABAYA (“VALUATION ASSIGNMENT”)

Cushman & Wakefield (“C&W”) has been instructed by Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust (“First REIT”)), to provide the Market Value as at the valuation date, being 31 January 2022, and report in respect of the abovementioned property (“the Property”) for divestment purposes.

The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers’ Valuation Standards and Practice Guidelines, 2015 Edition and Indonesian Valuation Standard (SPI), 2018 Edition VII.

“Market Value is the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Reliance on This Letter

This letter is a summary of the report that C&W has prepared and it does not contain all the necessary information and assumptions that are included in the report. The comprehensive valuation report of the Property has been prepared and is vested with the Client.

The valuation contained in the report is not guarantees or predictions but are based on the information obtained from reliable and reputable agencies and sources, the Manager and other related parties. Whilst C&W has endeavoured to obtain accurate information, it has not independently verified all the information provided by the Manager or other reliable and reputable agencies.

We have relied to a considerable extent on the information provided by the Manager, in particular but not limited to, the identification of the Property, the particulars of occupancy, the tenancy details, the floor plan and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Manager. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

Assumptions, Departures and Reservations

Assumptions

We have valued the Property taking into consideration the Master Lease Agreement dated 10 March 2021, Deed of Novation dated 18 May 2021 and the present occupational arrangements, based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property.

Where Market Value is assessed, it reflects the full contract value and no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also assumed that all the leases are legally valid and enforceable and the Property has a proper legal title that can be freely transferable, leased and sub-leased in the market. Cushman & Wakefield has no reason to doubt the truth and accuracy of the information provided to us by First REIT Management Limited (the "Manager") which is material to the valuation.

Our valuation assumes that the premises and any works thereto comply with all relevant statutory and planning regulations.

The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and "lockdowns" applied to varying degrees.

Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible. Our valuation is reflective of the current market as at the date of valuation. Should there be a material worsening in the COVID-19 situation within Indonesia, we reserve the right to review our valuation.

Reservations

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

No on-site measurement has been taken. Dimensions, measurements and areas included in the report are based on information obtained/ provided and are only approximations. Currency units are in Indonesian Rupiahs or otherwise stated.

We have not carried out any structural survey and we are therefore unable to report whether the Property is or is not free from rot, infestation or any other defects. No tests have been carried out on any of the building services. We have also not obtained any Environmental Baseline Study as it is outside our terms of engagement.

Our valuation is made without any special instructions.

Valuation Rationale

We have adopted the Discounted Cash Flow Analysis as the primary method of valuation in arriving at our opinion of the market value of the Property. We have not adopted the Comparable Sales Method in view of limited sales evidences, there have been no sale/purchase transactions of similar comparable in the recent years. The adopted value of the Property is derived from the value obtained from the Discounted Cash Flow Analysis.

Discounted Cash Flow Method

The Discounted Cash Flow Method (DCF) is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of the capital, operating, and other necessary expenses.

We have carried out a DCF method calculation with respect to the Net Present Value Method on the subject property. Briefly, this method entails comparison of all future receipts from an investment with all future outgoings and the application of an appropriate discounted rate to this flow of net income to determine the net present value (NPV) of this income stream.

Many assumptions are made throughout the investment horizon and these include rental growth, outgoings escalation, capital expenditure and discount rate.

The future values applied in respect of rents and costs are projections only, formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income, which is subject to changes over time.

Discounted Cash Flow Analysis Assumptions

The assumptions that we have adopted in our DCF analysis are as follows: -

1. We have assumed that the cash flow starts from 31 January 2022.
2. The agreed tenancy will continue till the expiry date at the pre-determined rental rate unless otherwise specified.
3. We have taken into consideration the Master Lease Agreement dated 10 March 2021, Deed of Novation dated 18 May 2021 and rental structure in our cash flow calculations. Base rental escalation of 4.5% per annum according to lease arrangement has been factored in our cash flow projection. The compound rental growth rate over 5 years and 10 years are 6.2% and 5.6% respectively.
4. The tenant is responsible for all outgoings during the 15-year lease period as stipulated in the lease.
5. Property management fee of 0% of annual gross income has been assumed.
6. We have allowed a capital expenditure of 3.5% of annual gross income on a yearly basis.
7. The DCF analysis is predicted on the assumption of a cash purchase. No allowance for interest and other funding costs have been made.
8. We have discounted the income in each year of the cash flow on a midpoint basis which assumes an income of six months in arrears and six months in advance.
9. A terminal capitalisation rate of 9.25% is adopted. We note proxy evidence within the market which outline sales comparables from 7.3% to 10.8%.
10. A discount rate of 11.93% is adopted, bearing in mind market cost of capital and risks.

Brief Property Description

- Property:** Siloam Hospitals Surabaya
Jalan Raya Gubeng No. 70, Sub-District of Gubeng, City of Surabaya,
Province of Jawa Timur, Indonesia
- Property Description:** Siloam Hospitals Surabaya comprises of 5 integrated purpose-built hospital buildings ranging from 2 to 5-storey.
- Tenure:** 5 (five) Rights to Build with Expiry Date of 07 September 2023 to 26 November 2041.
1. Right to Build Certificate No. 343/Gubeng – 20 years up to 08 May 2034; Remaining term: 12.3 years as at 31 January 2022
Proprietor Name : PT Tata Prima Indah.
Issuance Date* : 29 June 1994.
Expiry Date : 08 May 2034.
Measurement Letter No. : 11.165/1993.
Measurement Letter Date : 10 July 1993.
Land Area : 1,891 square meters.
 2. Right to Build Certificate No. 340/Gubeng – 20 years up to 08 May 2034; Remaining term: 12.3 years as at 31 January 2022
Proprietor Name : PT Tata Prima Indah.
Issuance Date* : 10 June 1994.
Expiry Date : 08 May 2034.
Measurement Letter No. : 11.170/1993.
Measurement Letter Date : 10 July 1993.
Land Area : 641 square meters.
 3. Right to Build Certificate No. 476/Gubeng – 20 years up to 26 November 2041; Remaining term: 19.8 years as at 31 January 2022
Proprietor Name : PT Tata Prima Indah.
Issuance Date* : 13 February 2002.
Expiry Date : 26 November 2041.
Measurement Letter No. : 13/T/1972.
Measurement Letter Date : 20 March 1972.
Land Area : 455 square meters.
 4. Right to Build Certificate No. 494/Gubeng – 20 years up to 07 September 2043; Remaining term: 21.6 years as at 31 January 2022
Proprietor Name : PT Tata Prima Indah.
Issuance Date* : 16 February 2004.
Expiry Date : 07 September 2023.
Measurement Letter No. : 169/Gubeng/2003.
Measurement Letter Date : 29 December 2003.
Land Area : 684 square meters.
 5. Right to Build Certificate No. 408/Gubeng – 30 years up to 24 September 2026; Remaining term: 4.6 years as at 31 January 2022
Proprietor Name : PT Tata Prima Indah.
Issuance Date* : 13 March 1997.

	Expiry Date	: 24 September 2026.
	Measurement Letter No.	: 70/1997
	Measurement Letter Date	: 12 March 1997.
	Land Area	: 635 square meters.
	* Issuance date is the same as the commencement date.	
Land Area:	4,306 square meters	
Gross Floor Area (GFA)/ Net Lettable Area (NLA):	9,065 square meters	
Summary of Rental Terms:	The following summarises the salient aspects of the Master Lease Agreement dated 10 March 2021 and Deed of Novation dated 18 May 2021, which are applicable to our valuation analysis:	
	Landlord	: PT Tata Prima Indah.
	Tenant	: PT Lippo Karawaci Tbk and PT Siloam International Hospitals Tbk.
	Building Type	: Hospital.
Occupancy/ Tenancy Details:	Rent Structure	: Triple Net Basis
	Commencement	
	Base Rent	: S\$2,780,000.
		On the commencement date of the master lease, the SGD denominated rents for the hospital be converted to IDR at IDR/SGD = 10,830.
	Escalation	: Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the Master Lease Agreement ("MLA").
	First Lease Year and subsequent Lease Year Rent Computation	: The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the "First Lease Year"). Commencement Base Rent X number of days in First Lease Year / 365 days.
		Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.
		For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:
		i. 8.0% of the preceding financial year's (period from 1 January through 31 December) Gross Operating Revenue for the hospital ("GOR"); or
		ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

- i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR; or
- ii. the Second Lease Year Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

- i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR; or
- ii. the preceding year's Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.

Commencement Date : 1 January 2021.

Occupancy Rate : 100% of GFA/NLA master leased to the Tenant

Lease Term and weighted average lease expiry (WALE) : 15 years from the commencement date of the MLA, with an option for a further 15 year renewal term. As at 31 January 2022, the remaining lease term is 13.9 years.

Option to Renew : Subject to mutual agreement between the Landlord and Tenants.

Master Lease Agreement Commentary

The terms within the Master Lease Agreement appear to be broadly in line with other commercial leases. We note that hospital leases are specialised and there are no data on hospital leases available in the Indonesia market. As such we draw reference to leases of other asset classes ranging from IDR 223,877 per square meter per month – IDR 300,000 per square meter per month.

The annual rent for the period commencing 1 October 2021 to 30 September 2022 is IDR 31,455,545,000, as adopted in this valuation, translating to a rental rate of IDR 289,167 per square meter per month on GFA/NLA, and is broadly in line with market rent as at the date of valuation.

Market Value:

IDR 430,820,000,000/-

(Indonesian Rupiahs Four Hundred Thirty Billion Eight Hundred And Twenty Million Only)

Rate (IDR per sq m/ IDR per sq ft of areas):	Area Gross Floor Area (GFA)/ Net Lettable Area (NLA)	IDR per sq m 47,525,648/-	IDR per sq ft 4,415,270/-
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The Valuation Certificate containing more property details is attached.

Disclaimers and General Comments

The purpose of the valuation is for disposition and inclusion within the Managers announcements, press releases, circulars and public disclosure obligations. We understand that this report may be used for public inspection at the Client's office. We would like to point out that other than those parties to whom this report is addressed (or any person to whom we have issued a reliance letter and who has accepted the terms contained herein), we disclaim all responsibility and accept no liability to any other person or party should any such person or party uses this report or if the report is used for any purpose other than that stated in this report.

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the property owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation, being Chris Carver and Ir. Firman Sagaf, are authorized to practice as valuers, each of the valuers has a license issued by a relevant authority to perform property valuation in Indonesia and each has at least 5 years of experience in valuing real properties in a similar industry and area as the Property. We are and each of the valuers is independent of First Real Estate Investment Trust. We confirm that each of the valuers has not been found to be in breach of any rule or law relevant to real property valuation and is not: (i) denied or disqualified from membership of or licensing from; (ii) subject to any sanction imposed by; (iii) the subject of any disciplinary proceedings by; or (iv) the subject of any investigation which might lead to disciplinary action by, any professional body or authority relevant to real property valuation.



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Enc: Valuation Certificate

Valuation of:

Siloam Hospitals Surabaya

At Jalan Raya Gubeng No.70,
Sub-District of Gubeng, City of Surabaya,
Province of Jawa Timur, Indonesia

Prepared for

Perpetual (Asia) Limited (in its capacity as
trustee of First Real Estate Investment Trust)

Report Date

29 April 2022

Ref: CC/JM/CS-21-0209/ac

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29 April 2022

Perpetual (Asia) Limited
(in its capacity as trustee of First Real Estate Investment Trust) (“Trustee” or “Client”)
8 Marina Boulevard #05-02
Marina Bay Financial Centre
Singapore 018981

Attention: Ms Sin Li Choo

Dear Sirs,

RE: VALUATION OF SILOAM HOSPITAL SURABAYA (“VALUATION ASSIGNMENT”)

1. Instructions

Pursuant to your instructions, we are pleased to submit our valuation report, which has been prepared for divestment purposes. Terms of engagement have been agreed with Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust (“First REIT”)) to provide a market value of Siloam Hospitals Surabaya located at Jalan Raya Gubeng No.70, Sub-District of Gubeng, City of Surabaya, Province of Jawa Timur, Indonesia (the “Property”) as at the Valuation Date for divestment purposes.

Cushman & Wakefield VHS Pte Ltd and KJPP Firman Suryanto Sugeng Suzy Hartomo & Rekan have no pecuniary or other conflict of interest that could reasonably be regarded as being capable of affecting their ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Property.

2. Valuer Competency

The valuation is led by Chris Carver, Head of Valuations South East Asia, who has over 18 years’ experience in valuations, consulting and capital markets across Asia Pacific. Additionally, the team comprises of Firman Sagaf, Senior Partner of KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan, who has over 30 years’ experience in valuation and consultancy for all sectors of the property market in Indonesia, and also registered valuer from Ministry of Finance for property and business valuer in the capital market.

3. Valuation Purposes

The purpose of this valuation is to value the Property for divestment purposes.

4. Valuation Date

The Valuation Date is at 31 January 2022.

5. Bases of Valuation

The valuation and report have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition and Indonesian Valuation Standard (SPI), 2018 Edition VII.

Bases

The Property has been valued on the basis of Market Value as at the Valuation Date.

Definitions

The term 'Market Value' as used in the context of this valuation is defined as "the estimated amount for which a property should exchange on the date of valuation, between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

'Market Value' is consistent with Fair Value as defined in current Financial Reporting Standard FRS 113 prescribed by the Accounting Standards Council Singapore.

6. Assumptions, Departures and Reservations

Assumptions

We have valued the Property taking into consideration the Master Lease Agreement dated 10 March 2021, Deed of Novation dated 18 May 2021 and the present occupational arrangements, the tenures of the underlying HGB titles and based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property.

Where Market Value is assessed, it reflects the full contract value and no allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect value.

We have also assumed that all the leases are legally valid and enforceable and the Property has a proper legal title that can be freely transferable, leased and sub-leased in the market. Cushman & Wakefield has no reason to doubt the truth and accuracy of the information provided to us by First REIT Management Limited (the "Manager") (as Manager of First REIT) which is material to the valuation.

Our valuation assumes that the premises and any works thereto comply with all relevant statutory and planning regulations.

Reservations

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

No on-site measurement has been taken. Dimensions, measurements and areas included in the report are based on information obtained/ provided and are only approximations. Currency units are in Indonesian Rupiahs or otherwise stated.

We have not carried out any structural survey and we are therefore unable to report whether the Property is or is not free from rot, infestation or any other defects. No tests have been carried out on any of the building services. We have also not obtained any Environmental Baseline Study as it is outside our terms of engagement.

Our valuation is made without any special instructions.

Inspection

External and internal inspection of the Property has been made by KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan on 4 October 2021. Investigation was carried out as necessary. Although not all areas were accessible for viewing at the time of inspection, we have made endeavours to inspect all areas available for viewing.

We confirm that our investigation has been conducted independently and without influence from any third party in any manner.

We have not tested any services of the Property and are therefore unable to report on their present conditions. However, we noted that public utility and telecommunications services were connected.

We have not undertaken any structural survey of the Property and are therefore unable to comment on the structural conditions.

No investigation has been carried out to determine the suitability of ground conditions for any future development. We have assumed that these aspects are satisfactory and no extraordinary expense or delay will be incurred during the construction period.

No on-site measurement has been taken to verify the correctness of site area in respect of the Property. We have assumed that the site area shown on the documents are correct.

Sources of Information

We have relied to a considerable extent on the information provided by the Manager, in particular but not limited to, the identification of the Property, the particulars of occupancy, the

tenancy details, the floor plan and all other relevant matters. We have no reason to doubt the truth and accuracy of the information provided by the Manager. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect any material information has been withheld.

7. General Comment

A valuation is a prediction of price, not a guarantee. By necessity it requires the valuer to make subjective judgements that, even if logical and appropriate, may differ from those made by a buyer, or another valuer. Historically, it has been considered that valuers may properly conclude within a range of possible values.

The purpose of the valuation does not alter the approach to the valuation.

Property values can change substantially, even over short periods of time, and so our opinion of value could differ significantly if the date of valuation was to change. If you wish to rely on our valuation as being valid on any other date you should consult us first.

You should not rely on this report unless any reference to tenure, tenancies and legal title has been verified as correct by your legal advisers.

8. Confidentiality

Our valuation is confidential to you, for your sole use and for the specific purpose stated. We will not accept responsibility to any third party in respect of its contents.

9. Disclosure and Publication

The purpose of the valuation is for disposition and inclusion within the Managers announcements, press releases, circulars and public disclosure obligations. We understand that this report may be used for public inspection at the Client's office. We would like to point out that other than those parties to whom this report is addressed (or any person to whom we have issued a reliance letter and who has accepted the terms contained herein), we disclaim all responsibility and accept no liability to any other person or party should any such person or party uses this report or if the report is used for any purpose other than that stated in this report.

You must not disclose the contents of this valuation report to a third party in any way without first obtaining our written approval to the form and context of the proposed disclosure. You must obtain our consent, even if we are not referred to by name or our valuation report is to be combined with others. We will not approve any disclosure that does not refer sufficiently to any Special Assumptions or Departures that we have made.

We have no present or prospective interest in the Property and are not a related corporation of nor do we have a relationship with the property owner(s) or other party/parties whom the client is contracting with.

The valuers' compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

We hereby certify that the valuers undertaking the valuation, being Chris Carver and Ir. Firman Sagaf, are authorized to practice as valuers, each of the valuers has a license issued by a relevant authority to perform property valuation in Indonesia and each has at least 5 years of experience in valuing real properties in a similar industry and area as the Property. We are and each of the valuers is independent of First Real Estate Investment Trust. We confirm that each of the valuers has not been found to be in breach of any rule or law relevant to real property valuation and is not: (i) denied or disqualified from membership of or licensing from; (ii) subject to any sanction imposed by; (iii) the subject of any disciplinary proceedings by; or (iv) the subject of any investigation which might lead to disciplinary action by, any professional body or authority relevant to real property valuation.



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10. Description of Subject Property

Siloam Hospitals Surabaya (“SHS”)	
Property Description:	Siloam Hospitals Surabaya comprises of 5 integrated purposed-built hospital buildings ranging from 2 to 5-storey.
Address:	Jalan Raya Gubeng No. 70, Sub-District of Gubeng, City of Surabaya, Province of Jawa Timur, Indonesia
Land Area:	4,306 square meters
Gross Floor Area (GFA)/ Net Lettable Area (NLA):	9,065 square meters
Lessor and Owner:	PT Tata Prima Indah
Land Titles:	<ol style="list-style-type: none"> Right to Build Certificate No. 343/Gubeng – 20 years up to 08 May 2034; Remaining term: 12.3 years as at 31 January 2022 Proprietor Name : PT Tata Prima Indah. Issuance Date* : 29 June 1994. Expiry Date : 08 May 2034. Measurement Letter No. : 11.165/1993. Measurement Letter Date : 10 July 1993. Land Area : 1,891 square meters. Right to Build Certificate No. 340/Gubeng – 20 years up to 08 May 2034; Remaining term: 12.3 years as at 31 January 2022 Proprietor Name : PT Tata Prima Indah. Issuance Date* : 10 June 1994. Expiry Date : 08 May 2034. Measurement Letter No. : 11.170/1993. Measurement Letter Date : 10 July 1993. Land Area : 641 square meters. Right to Build Certificate No. 476/Gubeng – 20 years up to 26 November 2041; Remaining term: 19.8 years as at 31 January 2022 Proprietor Name : PT Tata Prima Indah. Issuance Date* : 13 February 2002. Expiry Date : 26 November 2041.

Siloam Hospitals Surabaya (“SHS”)	
	<p>Measurement Letter No. : 13/T/1972. Measurement Letter Date : 20 March 1972. Land Area : 455 square meters.</p> <p>4. Right to Build Certificate No. 494/Gubeng – 20 years up to 07 September 2043; Remaining term: 21.6 years as at 31 January 2022 Proprietor Name : PT Tata Prima Indah. Issuance Date* : 16 February 2004. Expiry Date : 07 September 2023. Measurement Letter No. : 169/Gubeng/2003. Measurement Letter Date : 29 December 2003. Land Area : 684 square meters.</p> <p>5. Right to Build Certificate No. 408/Gubeng – 30 years up to 24 September 2026; Remaining term: 4.6 years as at 31 January 2022 Proprietor Name : PT Tata Prima Indah. Issuance Date* : 13 March 1997. Expiry Date : 24 September 2026. Measurement Letter No. : 70/1997 Measurement Letter Date : 12 March 1997. Land Area : 635 square meters.</p> <p>* Issuance date is the same as the commencement date.</p>
Summary of Rental Terms:	<p>The following summarises the salient aspects of the Master Lease Agreement dated 10 March 2021 and Deed of Novation dated 18 May 2021, which are applicable to our valuation analysis:</p> <p>Landlord : PT Tata Prima Indah. Tenant : PT Lippo Karawaci Tbk and PT Siloam International Hospitals Tbk. Building Type : Hospital.</p>
	<p>Rent Structure: Triple Net Basis Commencement Base Rent: : S\$2,780,000</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the Master Lease Agreement (“MLA”).</p>

Siloam Hospitals Surabaya (“SHS”)

<p>First Lease Year and subsequent Lease Year Rent Computation</p>	<p>: The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for the hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045. <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.
<p>Commencement Date</p>	<p>: 1 January 2021.</p>
<p>Occupancy Rate</p>	<p>: 100% of GFA/NLA master leased to the Tenant</p>
<p>Lease Term and weighted average lease expiry (WALE)</p>	<p>: 15 years from the commencement date of the MLA, with an option for a further 15 year renewal term. As at 31 January 2022, the remaining lease term is 13.9 years.</p>
<p>Option to Renew</p>	<p>: Subject to mutual agreement between the Landlord and Tenants.</p>

Siloam Hospitals Surabaya (“SHS”)			
Town Planning:	Land Use Zoning: Hospital.		
Plot Ratio:	Existing Plot Ratio: 7.1 Permissible Plot Ratio: 3.5 The Property has obtained a permit to construct a building larger than the permissible plot ratio.		
Valuation Approach:	Discounted Cash Flow Analysis.		
Date Inspected:	04 October 2021		
Date of Valuation:	31 January 2022		
Date of Report:	29 April 2022		
Discount Rate:	11.93%		
Terminal Capitalisation Rate:	9.25%		
Market Value	IDR 430,820,000,000/- (Indonesian Rupiahs Four Hundred Thirty Billion Eight Hundred And Twenty Million Only)		
Rate (IDR per sq m/ IDR per sq ft of areas):	Area Gross Floor Area (GFA)/ Net Lettable Area (NLA)	IDR per sq m 47,525,648/-	IDR per sq ft 4,415,270/-
<i>This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.</i>			

11. Valuation Assumptions

Our valuation has been made on the assumptions that the seller disposes of the Property in an open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Property.

No allowance has been made for any changes, mortgages or amounts owing on the Property or for any expense or taxations which may be incurred in effecting a sale. Unless otherwise

stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel restrictions have been implemented by many countries and “lockdowns” applied to varying degrees. Whilst restrictions have now been lifted in some cases, local lockdowns may continue to be deployed as necessary and the emergence of significant further outbreaks is possible.

Our valuation is reflective of the current market as at the date of valuation. Should there be a material worsening in the COVID-19 situation within Indonesia, we reserve the right to review our valuation.

12. Valuation Methodology and Commentary

We have adopted the Discounted Cash Flow Analysis as the primary method of valuation in arriving at our opinion of the market value of the Property. We have not adopted the Comparable Sales Method in view of limited sales evidences, there have been no sale/purchase transactions of similar comparable in the recent years.

Discounted Cash Flow Method

The Discounted Cash Flow Method (DCF) is the process of valuing an investment property or asset by undertaking an estimation of future cash flows and taking into account the time value of money. During the DCF technique, the income is projected over the investment cycle and the net income is calculated after the deduction of the capital, operating, and other necessary expenses.

We have carried out a DCF method calculation with respect to the Net Present Value Method on the subject property. Briefly, this method entails comparison of all future receipts from an investment with all future outgoings and the application of an appropriate discounted rate to this flow of net income to determine the net present value (NPV) of this income stream.

Many assumptions are made throughout the investment horizon and these include rental growth, outgoings escalation, capital expenditure and discount rate.

The future values applied in respect of rents and costs are projections only, formed on the basis of information currently available to us and are not representations of what the value of the property will be as at a future date. This information includes the current expectations as to property values and income, which is subject to changes over time.

13. Valuation

Having regard to the foregoing and the present market conditions, we are of the opinion that the market value of the unexpired leasehold interest in the Subject Property **Siloam Hospitals Surabaya at Jalan Raya Gubeng No.70, Sub-District of Gubeng, City of Surabaya, Province of Jawa Timur, Indonesia** as at Valuation Date, 31 January 2022, subject to the existing tenancy and assuming free from encumbrances, is in the region of: -

IDR 430,820,000,000/-

(Indonesian Rupiahs Four Hundred Thirty Billion Eight Hundred And Twenty Million Only)

Rate (IDR per sq m/ IDR per sq ft of areas):	<u>Area</u>	<u>IDR per sq m</u>	<u>IDR per sq ft</u>
	Gross Floor Area (GFA)/ Net Lettable Area (NLA)	47,525,648/-	4,415,270/-

A Instructions

This valuation report has been prepared in accordance with your appointment to proceed with the valuation via your acceptance of our proposal dated 3 November 2021 and prior email correspondences.

A copy of our Limiting Conditions is attached at Appendix 1.

Information supplied to us is listed in Appendix 2.

Appendix 1 Terms & Conditions

The valuation report is prepared subject to the following terms and conditions: -

1. The valuation report is:
 - a. restricted to the use by the client to whom this report is addressed;
 - b. for the specific purpose stated therein; and
 - c. for the sole purpose for which it was commissioned.

Any reliance on its contents shall be made within a reasonable time from the date of the valuation report. We disclaim any liability arising from any reliance on the valuation report by any other person or for any other purpose or beyond a reasonable time.

2. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular, statement, correspondence nor publication in any way without our prior written approval of the form and context in which it may appear. We bear no responsibility for any unauthorised inclusion or publication.
3. Where it is stated in the report that information has been supplied to us by another party, this information is believed to be reliable and accurate and we disclaim all responsibility if this information should later prove not to be so. Where information is given without being attributed directly to another party, it shall be taken that this information has been obtained by our own search of records and examination of documents, or by our enquiry from Government or quasi-Government departments.
4. The values assessed in this report for the subject property and any allocation of values between parts of the property apply strictly on the terms of and for the purpose of this valuation. The values assessed should not be used in conjunction with any other assessment, as they may prove incorrect if so used.
5. While due care is taken in the course of inspection to note serious building defects, no structural survey has been made and no guarantee is given that the building is free from rot, termite, pest infestation or other hidden defects. We have also not made any test on the building services such as air-conditioning, fire-fighting systems, lifts, escalators, plumbing and lighting etc. and the services are presumed to be in good working order.
6. Our valuation assumes that the title(s) is (are) in good order and are marketable, free from any liens, mortgages, encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title(s), searches, legal requisitions, legal validity of title or any charges, claims, liabilities registered against the title(s). The client is advised to consult his solicitors on any matter concerning the title(s).
7. Any plans that are included in this report are meant for identification purposes and to assist the client in visualising the subject property. The plans should not be treated as certified true copies of areas or other particulars contained therein. We have not made any survey of the property and assume no responsibility in connection with such matters.
8. We have not taken into account any plant and machinery in our valuation.

9. We have not made any requisition for the Road Line Plan or for drainage proposal. We have also not made any application for information/document in respect of Building Control Records. Such requisitions/applications will not be made unless specifically instructed by our client.
10. As matters concerning compulsory acquisitions by the Government are confidential, we are unable to provide information relating to Government acquisitions unless the subject property has already been gazette for acquisition.
11. Our valuation assumes that the subject property, as currently used, is in compliance with the existing land use zoning and is not in contravention of any planning rules or regulations.
12. Our valuation assumes that all development charges and maintenance/ service/ conservancy charges, if any, whether outstanding or payable as at the date of valuation, have already been fully paid.
13. Our valuation further assumes that, as at the date of valuation, there are no outstanding liabilities or charges attached to the property (ies).
14. Subject at all times to the provisions in these terms and conditions *and in the letter of engagement*, we shall not be liable to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services in respect of:
 - a. any direct loss of profit;
 - b. any indirect, special or consequential loss whatsoever howsoever caused including without limitation (i) indirect loss of profit; (ii) loss of business; (iii) loss of goodwill; (iv) loss of use of money; (v) loss of opportunity, and the parties agree that the sub-clauses of this clause shall be severable.
15. Subject at all times to the provisions in these terms and conditions and in the letter of engagement, we shall not be liable to you in negligence for pure economic loss arising in connection with the performance or contemplated performance of our services.
16. Where a third party has contributed to the losses, damages, costs, claims or expenses, we shall not be liable to make any contribution in respect of the liability of such third party.
17. Save in respect of third parties directly instructed by us and not on your behalf, we shall not be liable for the services or products provided by other third parties, nor shall we be required to inspect or supervise such third parties, irrespective of the third party services or products being incidental to or necessary for the provision of our services to you.
18. Subject to the provisions in these terms and conditions *and in the letter of engagement*, our total aggregate liability (including that of our partners and employees) to you in contract, tort (including negligence or breach of statutory duty), misrepresentation, restitution or otherwise, arising in connection with the performance or contemplated performance of our services shall be limited to (i) an aggregate sum not exceeding the fee paid for each instruction accepted; or (ii) S\$500,000.00, whichever is lower.
19. We shall be released from our obligations to the extent that performance thereof is delayed, hindered or prevented by any circumstances beyond our reasonable control (examples being a strike, act of God or act of terrorism). On becoming aware of any circumstance which gives rise,

or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.

20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.

These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S\$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.

22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
25. Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.
26. Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.
27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

- 28.
- a. The U.S. Foreign Corrupt Practices Act (the “FCPA”) and other laws make it unlawful for us or anyone acting on our behalf to offer, pay, promise or authorize to pay any money, gift or anything of value directly or indirectly to any Public Official with the intent of causing the Public Official to misuse such official’s position to obtain or retain business for us or our subsidiaries or affiliates. The term Public Official is broadly defined to include not only traditional government officials and those employed by government agencies, departments, or ministries but also employees of companies which are owned or controlled by the state. The U.K. Bribery Act and other laws also prohibit commercial bribery of any kind.
 - b. We comply with all applicable anti-bribery and corruption laws, rules, and regulations of the United States, European Union or any member state and any other similar laws in all applicable jurisdictions, including but not limited to the FCPA and U.K. Bribery Act (“Applicable Anti-Bribery Laws and Rules”).
 - c. You acknowledge and confirm your understanding of and agree to comply with all applicable Anti-Bribery Laws and Rules and agree not to take or fail to take any action that might in any way cause us to be in violation of such laws.
 - d. We must at all times comply with all U.S. sanctions administered by the Office of Foreign Asset Control (“OFAC”) of the Department of the Treasury or under any statute, executive order (including, but not limited to, the September 24, 2001, Executive Order 13224 Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism) or other governmental action and any applicable international laws and regulations pertaining to the detection, prevention and reporting of potential money laundering and terrorist financing activities (collectively “Applicable Sanctions/AML Rules”).
 - e. You represent and warrant to us that you and all persons and entities owning (directly or indirectly) an ownership interest in you: (i) are not, and will not become, a person or entity with whom a party is restricted from doing business under Applicable Sanctions/AML Rules; and (ii) are not knowingly engaged in, and will not knowingly engage in, any dealings or transactions or be otherwise associated with such persons or entities described in Clause 28 (e) (i) above.
 - f. In the event that we believe in good faith, and whether or not we have conducted an investigation, that you have acted in a way that may subject us to liability under Applicable Anti-Bribery Laws and Rules or you (including all persons and entities owning (directly or indirectly) an ownership interest in you) become a target of Applicable Sanctions/AML Rules, we shall have the unilateral right, exercisable immediately upon written notice, to terminate this agreement and shall be entitled to receive payment of the service fees for services rendered pursuant to this agreement together with any and all reasonable additional costs incurred due to such early termination.

Appendix 2 Information Supplied

We have been supplied with the following information: -

Information	Source
1. Copy of Title Search/Site Plan	Local Map Service Provider
2. Copy of floor plans, rent rolls, gross floor area, net lettable area and property information	Manager

Report No: 187/W&R-Letter/IV/2022

First REIT Management Limited
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or “**Client**”).
333 Orchard Road #33-02
Singapore 238867

Attention: Mr Jacky Chan

Re : Valuation of 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 (the “Subject Property”).

Preliminary

We refer to the instructions from First REIT Management Limited (in its capacity as Manager of First Real Estate Investment Trust) (the “Client”) based on the Valuation Proposal No. 233/W&R-Proposal/XI/2021 dated 2 November 2021 for KJPP Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation to determine the Market Value of the Subject Property. The purposes of this valuation is for divestment purposes. The Cut-Off Date of this valuation is 31 January 2022.

The Valuer’s responsibility in connection with this Valuation Report and/or certificate is limited to the party to whom the valuation report and/or certificate is addressed for the stated purposes. The Valuer disclaims all responsibility and will accept no liability to any third party for the whole or any part of its contents saved on the basis of written and agreed instructions. The Valuation Report is valid only as at the cut-off date. Valuer does not accept any responsibility on any events, conditions, or environment which can affect the Market Value of the Subject Property which might take place subsequently or after the cut-off-date or inspection date, which ever happens first.

This letter is a summary of the report that the Valuer has prepared, and it does not contain all the necessary information and assumptions that are included in the report. The comprehensive valuation report of the Subject Property has been prepared and is vested with First Real Estate Investment Trust and the Manager.

Basis of Valuation

This valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) VII Edition - 2018, and the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

The basis of this valuation is Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Cut-Off Date 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 Description

Building Description	: Siloam Hospital Surabaya that comprises of 5-storey building with a maximum capacity of 162 beds and is equipped with good quality modern healthcare facilities.
Address	: Jalan Raya Gubeng No.70, Sub-District of Gubeng, District of Gubeng, City of Surabaya, Province of East Java, Indonesia.
Tenant	: PT Lippo Karawaci Tbk and PT Siloam International Hospitals Tbk.
Land Area	: 4,306 square meters.
Gross Floor Area (“GFA”) / Net Lettable Area (“NLA”)	: 9,065 square meters.

Head office:
Chase Plaza 17th Floor, Jl. Jend. Sudirman Kav. 21, Jakarta 12920, Indonesia
T +62 (21) 570 7170 F +62 (21) 570 7177

KnightFrank.co.id

KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.

Legal Title	<p>The 5 (five) right-to-build (Sertipikat Hak Guna Bangunan/SHGB) certificates with total area of 4,306 square meters are:</p> <ol style="list-style-type: none"> 1. HGB (Right To Build) Title No. 343/Gubeng. <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 1,891 square meters. - Issuance Date : 29 June 1994. - Expiry Date : 20 years up to 8 May 2034. - Measurement Letter Number : 11.165/1993. - Measurement Letter Date : 10 July 1993. - Remaining lease term : 12.3 years as at 31 January 2022. 2. HGB (Right To Build) Title No. 340/Gubeng. <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 641 square meters. - Issuance Date : 10 June 1994. - Expiry Date : 20 years up to 8 May 2034. - Measurement Letter Number : 11.170/1993. - Measurement Letter Date : 10 July 1993. - Remaining lease term : 12.3 years as at 31 January 2022. 3. HGB (Right To Build) Title No. 408/Gubeng. <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 635 square meters. - Issuance Date : 13 March 1997. - Expiry Date : 30 years up to 24 September 2026. - Measurement Letter Number : 70/1997. - Measurement Letter Date : 12 March 1997. - Remaining lease term : 4.6 years as at 31 January 2022. 4. HGB (Right To Build) Title No. 494/Gubeng. <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 684 square meters. - Issuance Date : 16 February 2004. - Expiry Date : 20 years up to 7 September 2043. - Measurement Letter Number : 169/Gubeng/2003. - Measurement Letter Date : 29 December 2003. - Remaining lease term : 21.6 years as at 31 January 2022. 5. HGB (Right To Build) Title No. 476/Gubeng. <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 455 square meters. - Issuance Date : 13 February 2002. - Expiry Date : 20 years up to 26 November 2041. - Measurement Letter Number : 13/T/1972. - Measurement Letter Date : 20 March 1972. - Remaining lease term : 19.8 years as at 31 January 2022.
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Note : Issuance Date is the same as Commencement Date.

Registered Proprietor	: PT. Tata Prima Indah.
Commencement Date	: 1 January 2021.
Occupancy Rate	: 100% master leased to the Tenant.
Leased term and weighted average lease expiry (WALE)	: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties. As at 31 January 2022, the, the remaining lease tenure is 13.9 years.
Rent Structure	: Triple-Net Basis.

Master Lease

Summary of Rental Terms	:	The following summarizes the salient aspects of the Supplemental Lease dated 10 March 2021 and Deed of Novation and Variation dated 18 May 2021 which are applicable to our valuation analysis:
Landlord and Owner	:	PT Tata Prima Indah.
Tenant	:	PT Lippo Karawaci Tbk and PT Siloam International Hospitals Tbk.
Property	:	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; together with the mechanical and electrical equipment (as listed in Schedule 1 of the Lease Agreement) located in the Property.
Building Type	:	Hospital.
Gross Floor Area ("GFA") / Net Lettable Area ("NLA")	:	9,065 square meters.
Commencement Date	:	1 January 2021.
Occupancy Rate	:	100% master leased to the Tenant.
Leased term and weighted average lease expiry (WALE)	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties. As at 31 January 2022, the remaining lease tenure is 13.9 years.
Rent Structure	:	Triple-Net Basis
Rent	:	<p><u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million Seven Hundred and Eighty Thousand (S\$2,780,000).</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p><u>Escalation:</u> Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").</p> <p><u>First Lease Year and subsequent Lease Year Rent Computation</u> The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").</p> <p>Commencement Base Rent x number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045. <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ol style="list-style-type: none"> 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.
Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties. As at 6 December 2021, the remaining lease tenure is 14.07 years.

Commentary on Rental Rate

The annual rent for the period commencing 1 October 2021 to 30 September 2022 is IDR 31,455,545,000, or a rental rate of IDR 289,167 psm pm on GFA/NLA, as adopted in this valuation is broadly in line with market rent as at 31 January 2022 (IDR 115,000 to IDR 300,000 psm pm for commercial properties (Office, Mall and Service Apartment) in the area. There is no rental evidence available for healthcare properties, so we have drawn reference to commercial and retail rental evidence.

Valuation Description

DCF analysis is used considering that Siloam Hospital Surabaya is an income producing property. This form of analysis reflects investors' decision-making process and values the property in such a manner as to attain the desired level of investment return commensurate with the risk of that asset class. This method is based on going-concern basis; of the "SHS" land and building arrangement with the lessee subject to terms and condition as per the Master Lease Agreement. In this valuation, we have carried out a DCF analysis over a ten-year investment horizon.

Projection period	:	10 years.
Current base rent per year	:	Rp 31,455,545,000 with increment 4.5% per annum.
Projected Hospital Revenue	:	The projected hospital revenue is derived by projections from Siloam for Year 1 – Year 3 projection and for Year 4 – Year 10 projected revenue growth rate in 5%.
Performance based Variable Rental	:	8% from the projected hospital revenue of preceding financial year.
Compounded Rental Growth Rate (CAGR) 5 years	:	5.11%.
Compounded Rental Growth Rate (CAGR) 10 years	:	5.05%.
Compounded Consumer Price Index (5 years)	:	122.41.
Compounded Consumer Price Index (10 years)	:	124.54.
Discount Rate	:	11.67% (which calculated by using the Band of Investment Method/BOIM), using the following formula:

$$\text{Discount Rate} = (k_e \times W_e) + (k_d \times W_d)$$

Whereas :

k_e = Cost of Equity

k_d = Cost of Debt

W_e = Percentage of Equity Financing

W_d = Percentage of Debt Financing

Cost of Equity is calculated using the Capital Asset Pricing Modal (CAPM), with the following formula :

$$k_e = R_f + (\beta \times R_{Pm})$$

Whereas :

k_e = Expected rate of return

R_f = Risk free rate

β = Beta

R_{Pm} = Equity risk premium

The assumption used in calculating the discount rate is as follow :

Description	Rate	Source
Cost of Equity		
- Risk Free	7.122%	Source from IBPA (Indonesia Bond Pricing Agency)
- Market Risk Premium	6.12%	Indonesian Equity Risk Premium (Source from A.Damodaran - Covid updated)
- Beta	1.58	Source from Pefindo
- Cost of Equity	15.17%	
Cost of Debt		
kd	9.79%	Source : Bank of Indonesia Website
Equity Portion	35.00%	General Implementation for Asset Valuation
Debt Portion	65.00%	
Discount Rate	11.67%	

Terminal Capitalization Rate We have adopted a terminal capitalization rate of 7.55% to the Net Property Income of year 11, to assess the terminal value of SHS. This determination is based on our professional adjustment of its location, the building quality, its surrounding local market condition the competitive positioning of the property, the perceived market conditions in the future, estimated cash flow profile, and the overall physical condition and age of SHS; this value is then discounted from the end of year 10.

Initial Yield 7.08%.

Capital Expenditure We have also taken into account annual capital expenditure which is to be deducted from the projected annual rental income streams. Provision for capital expenditure is essential in order to maintain the Subject Property at a reasonable condition and to keep up with its current competition level in the market.
The projected Capex is 5% of total rent, which is considered reasonable and common within the current market.
This approach generates an indicative value of Rp428,335,000,000.-.

Market Value /sqm GFA Rp47,251,506,- / sqm GFA.

Valuation Rationale

Methodology

Our valuation has been undertaken using appropriate valuation methodology according to the type of property valued and valuation purposes and our professional judgement. The application of valuation method is depended on the type of property, available data, purposes of valuation and allocated time. To estimate market value, a method will be chosen must be supported by market data and the one price rule says that the same good must be sold with the same price (point 5.18 SPI 300). If market data is available, market approach is one that is very direct and systematic in estimating value (point 5.20.2 SPI 300). However, if market data is not possible cost approach will be dominant.

DCF Method

DCF analysis is a technical financial model developed based on assumption of prospect of income and cost of a certain property or business (SPI 351). DCF valuation is conducted based on historical data analysis and assumption about future market conditions regarding supply, demand, income, cost and potential risks. This method is conducted by capitalizing an income flow which conversed to indicative value. DCF Method needs a lot of data input to form a projection, but commonly rarely absolute or permanent in nature, by making many assumptions. Minute changes on the input can cause cumulatively immense changes on value. Input can be assessed objectively, rationally and demands for high level of professional valuation. The selection of discount rate also needs to be carefully observed which accommodate investment risks.

We derived this Market Value by using Discounted Cash Flow Method based on the term and conditions as stipulated in the Supplemental Lease dated 10 March 2021 and Deed of Novation and Variation dated 18 May 2021.

Report No: 187/W&R-Letter/IV/2022

Valuation Summary

The summary of the market values as at 31 January 2022 of Siloam Hospital Surabaya; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

Rp428,335,000,000.-

**(Indonesia Rupiahs Four Hundred Twenty Eight Billion Three Hundred Thirty-Five Million Only).
Valuation Assumptions and Limiting Conditions**

Market Value /sqm GFA/NLA is Rp47,251,506,-

- (i) This valuation certificate is in short-form format, which purposely prepared for English – spoken readers;
- (ii) This valuation certificate is purposely only presenting the salient aspect of the valuation, and it does not include a full description of the Subject Property and the full analysis on our Valuation Approach;
- (iii) This valuation is for 100% interest only and does not taken into account any partial interest of ownerships/shares by the Company and/ or its subsidiaries over of the Subject Property;
- (iv) This valuation is based on the tenures of the underlying HGB titles;
- (v) This valuation takes into consideration the Supplemental Lease dated 10 March 2021 and the Deed of Novation and Variation dated 18 May 2021 and the present occupational arrangements;
- (vi) The Valuation Objects are free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (vii) The ownership and/or leasehold right of the Subject Property can be transferred or sub-lease to third parties;
- (viii) That all information relating to the Subject Property as provided by the Company to the Valuer is correct and accurate;
- (ix) This valuation speaks only as of the date of valuation. The Valuer takes no responsibility for any events, conditions or circumstances affecting the market values of the Valuation Objects that take place subsequent to the date of valuation;
- (x) This valuation is based on an evaluation of the current economic condition, which does not take into account nor make any provision for the effect of any sharp rise or decline in future economic conditions caused by the global financial crisis;
- (xi) This valuation has been prepared in an uncertain condition (high rate of uncertainty) due to the Covid-19 pandemic therefore, the users of the valuation report are required to be prudent in determining the relevancy between the valuation report and their needs (in relation to the usage of the valuation result), especially in regards to the differences between the date of valuation and when the valuation result is utilized in taking business and economy/financial decisions;
- (xii) The different conditions that may occur between the date of the valuation and the time the valuation result is used can decrease the relevancy of opinion of value towards the needs of the users of the valuation result because of differences in data access and information as well as assumption and valuation analysis. If the users of the valuation result discover such conditions, they are advised to instruct the Valuer to review the already conducted assignment and if it is possible and required, the Valuer can reevaluate by repeating the previously conducted valuation procedures in a more thoroughly manner.

The Valuer confirms having no present or prospective pecuniary or other conflict of interest laid upon neither the Subject Properties nor the reported values which would affect its ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Subject Property. The Valuer asserts that the statement in this report, which forms the basis of analysis, opinion and conclusion of this valuation, is correct and accurate.

Jakarta, 29 April 2022

Kantor Jasa Penilai Publik Willson dan Rekan
in association with Knight Frank



KAPP Willson & Rekan

Wisnu Wardhana
B, Bus, M.Sc. MAPPI (Cert.)
Partner
Licensed Public Valuer No.: P-1.09.00205 (Property Valuation)
OJK Registration No. STTD.PP-129/PM.223/2019
MAPPI Membership No.: 02-S-01533

KANTOR JASA PENILAI PUBLIK
WILLSON DAN REKAN
Izin No.2.09.0049
Jasa Penilaian Properti
Wilayah Kerja Negara Republik Indonesia



Report No: 186/W&R-Letter/IV/2022

First REIT Management Limited
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or the “**Client**”).
333 Orchard Road #33-02
Singapore 238867

Attention: Mr Jacky Chan

Re : Valuation of 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 (The “Subject Property”).

The Instruction

Based on the Proposal Number 233/W&R-Proposal/XI/2021 dated 16 November 2021, the Client has instructed Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation of Siloam Hospitals Surabaya.

Valuer Competency

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan is a valuation service company which holds Izin Usaha Number 2.09.0049 dated 19 June 2009 from the Finance Minister’s decision of the Republic of Indonesia Number 610/KM.1/2009.

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company which is centered in London – England and has a network of 384 offices in 51 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.09.00205 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No.129/PM.223/2019. The other valuers (together with Wisnu Wardhana, the “Relevant Property Valuers”) involved in this valuation are: Sandi L. Gunadi (Registered Valuer No. RMK-2017.01331) with 10 years of valuation experience; Andri Nurfitriyanto (Registered Valuer No. RMK-2017.1338) with 10 years of valuation experience; Wisnu Hari Nugroho (Registered Valuer No. RMK-2017.01115) with 10 years valuation experience. We confirm that each of the Relevant Property Valuers have a license issued by a relevant authority to perform property valuation in Indonesia. Each of the Relevant Property Valuers has at least five years of experience in valuing real properties in a similar industry and area as the Subject Property. We are and each of the Relevant Property Valuers is independent of First Real Estate Investment Trust. We confirm that each of the Relevant Property Valuers has not been found to be in breach of any rule or law relevant to real property valuation and is not: (i) denied or disqualified from membership of or licensing from; (ii) subject to any sanction imposed by; (iii) the subject of any disciplinary proceedings by; or (iv) the subject of any investigation which might lead to disciplinary action by, any professional body or authority relevant to real property valuation.

Valuation Purpose

The Client requires this valuation for divestment purposes.

The Valuation Cut-Off Date

The Cut-Off Date of this valuation is 31 January 2022.

Basis of Valuation

This valuation makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) VII Edition - 2018, and the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

The basis of this valuation is Market Value which is defined as “the estimated amount for which an asset or liability should exchange on the Valuation Cut-Off Date 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.”

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KJPP Willson dan Rekan is associated with Knight Frank, a limited liability partnership from London – United Kingdom. This association has been approved by the Ministry of Finance of Indonesia with Letter No.S-413/MK.1/2009.



Subject Property Description

Siloam Hospital Surabaya (“SHS”)

Building Description	:	Siloam Hospital Surabaya that comprises of 5-storey building with a maximum capacity of 162 beds and is equipped with good quality modern healthcare facilities
Address	:	Jalan Raya Gubeng No.70, Sub-District of Gubeng, District of Gubeng, City of Surabaya, Province of East Java, Indonesia.
Land Area	:	4,306 square meters.
Gross Floor Area (“GFA”) / Net Lettable Area (“NLA”)	:	9,065 square meters.
Registered Proprietor	:	PT Tata Prima Indah.
Land Titles	:	<p>1.HGB (Right to Build) Title No. 343/Gubeng.</p> <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 1,891 square meters. - Issuance Date : 29 June 1994. - Expiry Date : 20 years up to 8 May 2034. - Measurement Letter Number : 11.165/1993. - Measurement Letter Date : 10 July 1993. - Remaining lease term : 12.3 years as at 31 January 2022. <p>2.HGB (Right to Build) Title No. 340/Gubeng.</p> <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 641 square meters. - Issuance Date : 10 June 1994. - Expiry Date : 20 years up to 8 May 2034. - Measurement Letter Number : 11.170/1993. - Measurement Letter Date : 10 July 1993. - Remaining lease term : 12.3 years as at 31 January 2022 <p>3.HGB (Right to Build) Title No. 408/Gubeng.</p> <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 635 square meters. - Issuance Date : 13 March 1997. - Expiry Date : 30 years up to 24 September 2026. - Measurement Letter Number : 70/1997. - Measurement Letter Date : 12 March 1997. - Remaining lease term : 4.6 years as at 31 January 2022 <p>4.HGB (Right to Build) Title No. 494/Gubeng.</p> <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 684 square meters. - Issuance Date : 16 February 2004. - Expiry Date : 20 years up to 7 September 2043. - Measurement Letter Number : 169/Gubeng/2003. - Measurement Letter Date : 29 December 2003. - Remaining lease term : 21.6 years as at 31 January 2022 <p>5.HGB (Right to Build) Title No. 476/Gubeng.</p> <ul style="list-style-type: none"> - Registered Proprietor : PT Tata Prima Indah. - Land Area : 455 square meters. - Issuance Date : 13 February 2002. - Expiry Date : 20 years up to 26 November 2041. - Measurement Letter Number : 13/T/1972. - Measurement Letter Date : 20 March 1972. - Remaining lease term : 19.8 years as at 31 January 2022

Note : Issuance Date is the same as Commencement Date.

Summary of Rental Terms : The following summarizes the salient aspects of the Supplemental Lease dated 10 March 2021 and Deed of Novation and Variation dated 18 May 2021 which are applicable to our valuation analysis:

- Landlord and Owner : PT Tata Prima Indah.
- Tenant : PT Lippo Karawaci Tbk and PT Siloam International Hospitals Tbk.
- Property : 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; together with the mechanical and electrical equipment (as listed in Schedule 1 of the Lease Agreement) located in the Property.
- Building Type : Hospital.
- Commencement Date : 1 January 2021.
- Occupancy Rate : 100% master leased to the Tenant
- Leased term and weighted average lease expiry (WALE) : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties. As at 31 January 2022, the remaining lease tenure is 13.9 years.
- Rent Structure : Triple-Net Basis
- Rent : Commencement Base Rent:
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million Seven Hundred and Eighty Thousand (S\$2,780,000).

On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

Escalation:

Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").

First Lease Year and subsequent Lease Year Rent Computation

The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").

Commencement Base Rent x number of days in First Lease Year / 365 days.

Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:

1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

For subsequent lease years, the adopted annual rent will be the higher of:

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties. As at 6 December 2021, the remaining lease tenure is 14.07 years.

Building Permit : - Building Permit No. 6901/1303-699 date Issued 28 June 1977.
 - Building Permit No. 188.45/801.92/402.5,09/1994 date Issued 29 March 1994.
 - Building Permit No. 188/1926-92/402.5,09/1999 date Issued 18 December 1999.

Town Planning : Zonation of The Subject Property are as follow (based on Surabaya City Government Regulation No.8, years 2018 regarding Planning Regulation (RDTR) of Surabaya City :

Land Zoning : Public and Social Service.
 Building Site Coverage (KDB) : 50%.
 Building Plot Ratio (KLB) : 3.5 – 6.
 Existing Building Plot Ratio (KLB) : 2.1 is within development parameters

Valuation

Valuation Approach : Income Approach with Discounted Cash Flow Method.
 Date of Inspection : 16 November 2021.
 Date of Report : 23 February 2022.
 Date of Valuation : 31 January 2022.
 Terminal Capitalisation Rate : 7.55%
 Discount Rate : 11.67%

Report No: 186/W&R-Letter/IV/2022

Valuation Summary

The summary of the market value as at 31 January 2022 of Siloam Hospital Surabaya; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

Rp428,335,000,000.-

**(Indonesia Rupiahs Four Hundred Twenty Eight Billion Three Hundred Thirty-Five Million Only).
Valuation Assumptions and Limiting Conditions**

**Market Value /sqm GFA/NLA is Rp47,251,506,-
Market Value /sq ft GFA/NLA is Rp4,389,808,-**

- (i) This valuation certificate is in short-form format, which purposely prepared for English – spoken readers.
- (ii) This valuation certificate is purposely only presenting the salient aspect of the valuation, and it does not include a full description of the Subject Property and the full analysis on our Valuation Approach.
- (iii) This valuation is for 100% interest only and does not taken into account any partial interest of ownerships/shares by the Company and/ or its subsidiaries over of the Subject Property;
- (iv) This valuation is based on the tenures of the underlying HGB titles;
- (v) This valuation takes into consideration the Supplemental Lease dated 10 March 2021 and the Deed of Novation and Variation dated 18 May 2021 and the present occupational arrangements.
- (vi) The Valuation Objects are free from all liens and encumbrances, encompassing both physical and legal encumbrances;
- (vii) The ownership and/or leasehold right of the Subject Property can be transferred or sub-lease to third parties;
- (viii) That all information relating to the Subject Property as provided by the Company to the Valuer is correct and accurate;
- (ix) This valuation speaks only as of the date of valuation. The Valuer takes no responsibility for any events, conditions or circumstances affecting the market values of the Valuation Objects that take place subsequent to the date of valuation;
- (x) This valuation is based on an evaluation of the current economic condition, which does not take into account nor make any provision for the effect of any sharp rise or decline in future economic conditions caused by the global financial crisis;
- (xi) This valuation has been prepared in an uncertain condition (high rate of uncertainty) due to the Covid-19 pandemic therefore, the users of the valuation report are required to be prudent in determining the relevancy between the valuation report and their needs (in relation to the usage of the valuation result), especially in regards to the differences between the date of valuation and when the valuation result is utilized in taking business and economy/financial decisions;
- (xii) The different conditions that may occur between the date of the valuation and the time the valuation result is used can decrease the relevancy of opinion of value towards the needs of the users of the valuation result because of differences in data access and information as well as assumption and valuation analysis. If the users of the valuation result discover such conditions, they are advised to instruct the Valuer to review the already conducted assignment and if it is possible and required, the Valuer can reevaluate by repeating the previously conducted valuation procedures in a more thoroughly manner.

The Valuer confirms having no present or prospective pecuniary or other conflict of interest laid upon neither the Subject Properties nor the reported values which would affect its ability to give an unbiased opinion of the values or that could conflict with a proper valuation of the Subject Property. The Valuer asserts that the statement in this report, which forms the basis of analysis, opinion and conclusion of this valuation, is correct and accurate.

Jakarta, 29 April 2022

Kantor Jasa Penilai Publik Willson dan Rekan
in association with Knight Frank

Wisnu Wardhana
B, Bus, M.Sc. MAPPI (Cert.)
Partner
Licensed Public Valuer No.: P-1.09.00205 (Property Valuation)
OJK Registration No. STTD.PP-129/PM.223/2019
MAPPI Membership No.: 02-S-01533

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of First Real Estate Investment Trust (“**First REIT**”, and holders of units in First REIT, the “**Unitholders**”) will be convened and held by way of electronic means on Monday, 25 July 2022 at 2:30 p.m. (the “**EGM**”), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION

THE PROPOSED DIVESTMENT, AS AN INTERESTED PERSON TRANSACTION

That:

- (i) approval be and is hereby given for the proposed divestment by 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**”), to PT Siloam International Hospitals Tbk (“**Siloam**”) and PT Megapratama Karya Bersama (which is a company in which Siloam directly holds a 99.99% interest and PT. Lippo Karawaci Tbk indirectly holds a 0.01% interest) (collectively, the “**Purchasers**”) of 100.0% of the issued and paid-up share capital of PT Tata Prima Indah, which 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 certificate No. 340/Gubeng, HGB No. 343/Gubeng, HGB No. 408/Gubeng, HGB No. 476/Gubeng and HGB No. 494/Gubeng, for a divestment consideration of Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments) (the “**Proposed Divestment**”), on the terms and conditions set out in a conditional sale and purchase agreement entered into between the Vendors and the Purchasers dated 18 May 2022 (the “**Conditional Sale and Purchase Agreement**”) in respect of the Proposed Divestment (as described in the circular to Unitholders dated 30 June 2022 (the “**Circular**”), a copy of which may be accessed at First REIT’s website at the URL https://www.first-reit.com/ir_egm.html), and the entry into the Conditional Sale and Purchase Agreement, be and are hereby approved and/or ratified;
- (ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Divestment;
- (iii) approval be and is hereby given for the entry by the Trustee (whether directly or indirectly through its subsidiaries) into all agreements and transactions in connection with the Proposed Divestment and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to the Proposed Divestment; and
- (iv) First REIT Management Limited (in its capacity as manager of First REIT) (the “**Manager**”), any director of the Manager (“**Director**”) and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) (the “**Divestment Documents**”) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of First REIT to give effect to the Proposed Divestment and all transactions contemplated under the Divestment Documents, and in this connection, the board of directors of the Manager (the “**Board**”) be hereby authorised to delegate such authority to such persons as the Board deems fit.

BY ORDER OF THE BOARD

First REIT Management Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

Mr Chua Hua Yeow, Kelvin
Company Secretary
Singapore
30 June 2022

Important Notice:

1. The EGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to printed copies of this Notice which will be sent to Unitholders, this Notice will also be sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html. This Notice will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the EGM in advance of, or "live" at, the EGM, addressing of substantial and relevant questions before the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 30 June 2022. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.** The instrument appointing the Chairman of the EGM as proxy ("Proxy Form") may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of, or "live" at, the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through live audio-visual webcast or live audio-only stream and/or (b) submitting questions in advance of, or "live" at, the EGM should refer to paragraph 2 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 14 July 2022**, being seven (7) working days before the date of the EGM.

4. The Chairman of the EGM, as proxy, need not be a Unitholder of First REIT.
5. The Proxy Form must be submitted in the following manner:
 - (a) if by email, the Proxy Form must be received by Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2022@boardroomlimited.com; or
 - (b) if in hard copy, sent by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632,

in either case, by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022.

A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is executed by an attorney on behalf of the appointer, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited (“CDP”) to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the EGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

6. The Circular has been uploaded on the website of the SGX-ST on 30 June 2022 at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at First REIT’s website at the URL https://www.first-reit.com/ir_egm.html.
7. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT’s website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the status of the EGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))
Managed by First REIT Management Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. This Proxy Form may be accessed at First Real Estate Investment Trust's ("**First REIT**") website at https://www.first-reit.com/ir_egm.html, and will be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 30 June 2022.

IMPORTANT:

1. The Extraordinary General Meeting ("**EGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to printed copies of the Notice of Extraordinary General Meeting dated 30 June 2022 which will be sent to unitholders, the Notice of Extraordinary General Meeting will also be available through electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html, and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcastor live audio-only stream), submission of questions to the Chairman of the EGM in advance of, or "live" at, the EGM, addressing of substantial and relevant questions and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 30 June 2022. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and also on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.**
4. Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 14 July 2022**, being seven (7) working days before the date of the EGM.
5. By submitting an instrument appointing the Chairman of the EGM as proxy ("**Proxy Form**"), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 30 June 2022.
6. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the EGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.**

I/We _____ (Name(s)) _____ (NRIC No./Passport No./Company Registration No.) of _____ (Address) being a unitholder/unitholders of First REIT, hereby appoint the Chairman of the EGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the EGM of First REIT to be convened and held by way of electronic means on Monday, 25 July 2022 at 2:30 p.m. and at any adjournment thereof.

I/We direct the Chairman of the EGM as my/our proxy to vote for or against, or to abstain from voting on, the resolution to be proposed at the EGM as indicated hereunder.

	Resolution	No. of Votes For*	No. of Votes Against*	Abstain
	ORDINARY RESOLUTION			
1	To approve the Proposed Divestment, as an Interested Person Transaction			

* *Voting will be conducted by poll. If you wish the Chairman of the EGM as your proxy to cast all your votes "For" or "Against" the resolution, please indicate with a "✓" in the space provided under "For" or "Against". If you wish the Chairman of the EGM as your proxy to abstain from voting on the resolution, please indicate with a "✓" in the space provided under "Abstain". Alternatively, please indicate the number of Units that the Chairman of the EGM as your proxy is directed to vote "For" or "Against" or to abstain from voting. In the absence of specific directions in respect of the resolution, the appointment of the Chairman of the EGM as your proxy for the resolution will be treated as invalid.*

In keeping with our tradition of showing appreciation for our Unitholders' participation at the physical meetings, we will be sending a S\$15 NTUC FairPrice voucher to each Unitholder who holds Units through their securities accounts with The Central Depository (Pte) Limited ("**CDP**") (excluding securities sub-accounts) and participates in this virtual EGM by validly submitting their votes. Your completed Proxy Form must reach the Unit Registrar by 2:30 p.m. (Singapore time) on Friday, 22 July 2022 in order for your participation to be counted as valid (please see Note 3 for further details).

Dated this _____ day of _____ 2022

Total No. of Units held	
-------------------------	--

Signature(s) of unitholder(s)/
Common Seal of Corporate Unitholder

IMPORTANT: Please read notes on the reverse side



Notes to the Proxy Form:

1. Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM in person. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM. The Proxy Form will be sent to Unitholders and may be accessed at First REIT's website at https://www.first-reit.com/ir_egm.html, and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act 1967 and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Thursday, 14 July 2022**, being seven (7) working days before the date of the EGM.

2. The Chairman of the EGM, as proxy, need not be a unitholder of First REIT.
3. The Proxy Form must be submitted by email or in hard copy form:
 - (a) if by email, the Proxy Form must be received by Boardroom Corporate & Advisory Services Pte. Ltd. at FREGM2022@boardroomlimited.com; or
 - (b) if in hard copy, sent by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632,

in either case, by 2:30 p.m. (Singapore Time) on Friday, 22 July 2022.

A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Where the Proxy Form appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:

- (i) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or

1st fold here

Affix
Postage
Stamp

The Company Secretary
First REIT Management Limited
(as manager of First Real Estate Investment Trust)
c/o Board Corporate & Advisory Services Pte. Ltd.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

2nd fold here

- (ii) by way of the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

Due to the current COVID-19 situation in Singapore, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his/her/its name in the Depository Register maintained by CDP, he/she/it should insert that number of Units. If the Unitholder has Units registered in his/her/its name in the Register of Unitholders, he/she/it should insert that number of Units. If the Unitholder has Units entered against his/her/its name in the said Depository Register and Units registered in his/her/its name in the Register of Unitholders, he/she/it should insert the aggregate number of Units entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
5. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
6. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.

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