CIRCULAR DATED 11 APRIL 2014

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 dated 11 April 2014 ("**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 in First Real Estate Investment Trust ("**First REIT**", and the units in First REIT, "**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 ("**United States**" or "**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 Bowsprit Capital Corporation Limited, 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.

FIRST REAL ESTATE INVESTMENT TRUST

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

MANAGED BY

BOWSPRIT CAPITAL CORPORATION LIMITED

(Company Registration Number: 200607070D)

CIRCULAR TO UNITHOLDERS

IN RELATION TO:

(1) THE PROPOSED ACQUISITION AND MASTER LEASE OF SILOAM HOSPITALS PURWAKARTA; AND

(2) THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS (AS DEFINED HEREIN) AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF SILOAM HOSPITALS PURWAKARTA.

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

STIRLING COLEMAN
施霖高诚

(Company Registration Number: 200105040N)

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	:	Monday, 28 April 2014 at 3:00 p.m.
Date and time of Extraordinary General Meeting	:	Wednesday, 30 April 2014 at 3:00 p.m.
Place of Extraordinary General Meeting	:	Mandarin Ballroom III, Level 6, Main Tower Mandarin Orchard Singapore 333 Orchard Road, Singapore 238867

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CORPORATE INFORMATION

Directors of the Manager ("Directors")	:	Mr Albert Saychuan Cheok (Chairman and Independent Director) Mr Goh Tiam Lock (Independent Director) Mr Wong Gang (Independent Director) Mr Ketut Budi Wijaya (Non-Executive Director) Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)
Registered Office of the Manager	:	50 Collyer Quay #06-01 OUE Bayfront Singapore 049321
Trustee of First REIT (the "Trustee")	:	HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of First REIT) 21 Collyer Quay #10-02 HSBC Building Singapore 049320
Legal Adviser for the SHPW Acquisition and the SHPW Master Lease (each as defined herein) and to the Manager	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager and the Trustee for the SHPW Acquisition and the SHPW Master Lease as to Indonesian Law	:	Makes & Partners Law Firm Menara Batavia, 7th Floor Jl. KH. Mas Mansyur Kav. 126 Jakarta 10220, Indonesia
Legal Adviser to the Trustee as to Singapore Law	:	Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Independent Financial Adviser to the Independent Directors of the Manager and to the Trustee in relation to the SHPW Master Lease	:	Stirling Coleman Capital Limited 4 Shenton Way #07-03 SGX Centre 2 Singapore 068807
Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP One Raffles Quay North Tower Level 18 Singapore 048583
Independent Indonesia Accounting and Tax Adviser (the "Independent Indonesia Tax Adviser")	:	PB Taxand Menara Imperium 27th Floor Jl. H.R. Rasuna Said Kav. 1 Jakarta 12980, Indonesia

Independent Valuers (the "Independent Valuers")	:	KJPP Willson & Rekan in association with Knight Frank Wisma Nugra Santana #17-08 Jl. Jend. Sudirman Kav. 7-8 Jakarta 10220, Indonesia (appointed by the Trustee for the valuation of Siloam Hospitals Purwakarta) KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. Menara Kuningan 8th Floor Jl. HR. Rasuna said Blok X-7 Kav. 5 Jakarta 12940, Indonesia (appointed by the Manager for the valuation of Siloam Hospitals Purwakarta)
Independent Healthcare Research Consultant for the Indonesia Healthcare Market Review Report (the "Independent Healthcare Research Consultant")	:	Frost & Sullivan (S) Pte Ltd 100 Beach Road #29-01/11 Shaw Tower Singapore 189702
Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 31 to 38 of this Circular.

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

INTRODUCTION

First REIT's investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes[1]. In furtherance of First REIT's investment policy, the Manager is seeking the approval of unitholders of First REIT ("**Unitholders**") for the following resolutions:

(a) **Resolution 1**: The proposed acquisition of Siloam Hospitals Purwakarta, which is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia ("**SHPW**", and the proposed acquisition of SHPW, the "**SHPW Acquisition**") from PT Purimas Elok Asri, a limited liability company incorporated in Indonesia ("**PT PEA**") as well as the proposed master lease of SHPW to PT Metropolis Propertindo Utama, a limited liability company incorporated in Indonesia ("**PT MPU**", and the proposed master lease of SHPW, the "**SHPW Master Lease**") (Ordinary Resolution[2]); and

(b) **Resolution 2**: The proposed issuance of new Units as part satisfaction of the purchase consideration for the SHPW Acquisition (the "**Consideration Units**") (Ordinary Resolution).

Unitholders should note that Resolution 1 relating to the SHPW Acquisition and the SHPW Master Lease is inter-conditional with Resolution 2 relating to the proposed issuance of the Consideration Units. In the event that any of Resolutions 1 and 2 is not passed, the Manager will not proceed with the SHPW Acquisition, the SHPW Master Lease and the proposed issuance of the Consideration Units.

BACKGROUND OF APPROVALS SOUGHT

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

Further to this growth strategy, the Manager is seeking to acquire SHPW for a purchase consideration of S$31.0 million[3] (the "**SHPW Purchase Consideration**") from PT PEA, which directly wholly-owns SHPW.

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

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

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

PT PEA is an indirect wholly-owned subsidiary of PT MPU. PT MPU, which will be the master lessee of SHPW upon the completion of the SHPW Acquisition, is one of the largest property developers in Indonesia by total assets, engaging in development projects ranging from commercial retail malls to residential and office projects throughout Indonesia. PT MPU currently holds a large diversified portfolio across various asset classes, including 45 properties currently under development or slated for development as well as 14 completed properties, and also has a proven track record in divestment of real estate, having sold 20 properties over the past seven years with an aggregate value of approximately US$1.5 billion. Based on the Report on Review of Interim Financial Statements of PT MPU for the six-month period ended 30 June 2013, PT MPU has total assets of approximately Rp. 20,613 billion[1]. PT PEA is not an Interested Person[2] or an Interested Party[3] of any of the Manager, the sponsor of First REIT being PT Lippo Karawaci Tbk (the "**Sponsor**"), or the Trustee.

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

For the avoidance of doubt, the Indonesian company which Finura Investments intends to nominate to enter into the New SHPW SPA is an Indonesian limited liability company (the "**Indonesian Company**") which is wholly-owned by Finura Investments and its wholly-owned subsidiary, Glamis Investments.

Under the SHPW SPA, PT PEA will receive S$26.5 million of the SHPW Purchase Consideration in cash, with the remaining S$4.5 million of the SHPW Purchase Consideration to be satisfied by way of Consideration Units. The issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price[4] of the Units immediately preceding the date of completion of the SHPW Acquisition, in accordance with the provisions of the Trust Deed. The number of the Consideration Units shall be calculated based on the issue price of the Consideration Units.

RESOLUTION 1: THE SHPW ACQUISITION AND THE SHPW MASTER LEASE

Overview

SHPW comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. SHPW is currently undergoing major refurbishment works (which have been substantially completed but which

1 For illustrative purposes only, this amount is equivalent to approximately S$2,295 million based on the rupiah exchange rate of S$1.00 to Rp. 8,982 as at 11 March 2014.

2 The Listing Manual states that in the case of a REIT, the term "interested person" shall have the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, the definition of the term "**Interested Person**" is the same as the definition of the term "**Interested Party**".

3 As defined in Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the "**Property Funds Appendix**"), the term "**Interested Party**" means:
   (a) a director, chief executive officer or Controlling Shareholder (as defined herein) of the manager, or the manager, the trustee or controlling unitholder 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.

4 "**10-Day Volume Weighted Average Price**" refers to the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days (as defined herein) immediately preceding the relevant Business Day.

are expected to be fully completed in September 2014), and under the SHPW SPA, PT MPU and PT PEA are responsible for, and will pay for all costs in relation to, the refurbishment of SHPW. In addition, PT MPU and PT PEA are also responsible for the capital expenditures of SHPW for the next two years upon completion of the SHPW Acquisition. PT MPU will therefore be entering into the master lease agreement to retain oversight over the property and ensure that its obligations (which include satisfactory completion of the refurbishment works of SHPW) are met. In addition, PT MPU and its indirect wholly-owned subsidiary PT PEA do not have experience in running and operating hospitals, and therefore, PT Siloam International Hospitals Tbk ("**PT SIH**"), a limited liability company incorporated in Indonesia, has been sought to advise, manage and operate the hospital by way of a sub-letting arrangement which will be entered into between PT PEA and PT SIH or its subsidiary before the completion of the sale of SHPW to First REIT, and this sub-letting arrangement will be assigned/novated by PT PEA to PT MPU on or after the completion of the sale of SHPW to First REIT.

Prior to the completion of the SHPW Acquisition, SHPW will commence operations under the "Siloam Hospitals" brand and upon SHPW commencing operations under the "Siloam Hospitals" brand, PT SIH, or its subsidiary, will be the lessee of SHPW. SHPW has a total gross floor area ("**GFA**") of about 8,254 square metres ("**sq m**") and is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces. SHPW is a Centre of Excellence[1] for emergency and trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency *(Badan Penyelenggara Jaminan Sosial/ BPJS)* Program.

The total cost of the SHPW Acquisition, comprising the SHPW Purchase Consideration of S$31.0 million, the acquisition fee of S$0.31 million in relation to the SHPW Acquisition payable to the Manager pursuant to the Trust Deed (the "**SHPW Acquisition Fee**") which may be payable in the form of cash and/or Units as the Manager may elect, as well as the professional and other fees and expenses of approximately S$0.57 million in connection with the SHPW Acquisition, is estimated to be approximately S$31.88 million (the "**SHPW Acquisition Cost**").

Upon completion of the SHPW Acquisition, First REIT will indirectly hold SHPW through the Indonesian Company under six 'Right to Build' (*Hak Guna Bangunan* or "**HGB**") title certificates, of which five HGB title certificates will expire on 14 November 2043 and one HGB title certificate will expire on 27 November 2043[2].

(Paragraph 2, page 7 of the Letter to Unitholders provides further details on the SHPW Acquisition.)

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

2 The HGB title certificates in respect of SHPW were granted by the authorised National Land Office of the Republic of Indonesia *(Badan Pertanahan Nasional)* (the "**National Land Office**") at different times. In addition, the National Land Office has the discretion to determine the tenure of the HGB title certificates to be granted subject to the relevant maximum limit. For the above reasons, the tenure of the HGB title certificates for SHPW are not the same. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of such initial term, a HGB title may be extended for an additional term not exceeding 20 years. The Manager understands from its experience that this is the standard industry practice for properties in Indonesia like SHPW. Originally, SHPW had six HGB title certificates (SHGB No. 01666/Cibening, SHGB No. 01667/Cibening, SHGB No. 01668/Cibening, SHGB No. 01669/Cibening, SHGB No. 1670/Cibening (collectively expiring on 14 November 2043) and SHGB No. 01050/Cibening (expiring on 27 November 2043) (collectively, the "**Original HGB Title Certificates**")). One of the original HGB title certificates (SHGB No. 01669/Cibening, expiring 14 November 2043) was segregated on 19 March 2014 and upon completion of the SHPW Acquisition, First REIT will indirectly acquire six HGB title certificates, of which one will be the new HGB title certificate No. 02189/Cibening expiring 14 November 2043, issued in respect of SHPW by the relevant National Land Agency (the "**New SHPW HGB Title Certificates**").

Valuation

Although only one independent valuation is required as the SHPW Acquisition is not an Interested Party Transaction[1] or an Interested Person Transaction[2], for good corporate governance and transparency, two independent property valuers, W&R and Rengganis, have been appointed by the Trustee and the Manager respectively to value SHPW.

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

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

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

SHPW Master Lease

In relation to the SHPW Acquisition, a master lease agreement (the "**SHPW Master Lease Agreement**") will be entered into between the Indonesian Company (as the master lessor of SHPW) and PT MPU (as the master lessee of SHPW) pursuant to which a master lease in relation to SHPW will be granted to PT MPU for a lease term of 15 years, commencing from the date of completion of the SHPW SPA, with an option to renew for a further term of 15 years.

(Paragraph 2.7, page 11 of the Letter to Unitholders provides further details on the terms of the SHPW Master Lease.)

Method of Financing the SHPW Acquisition

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

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

Obtaining of Unitholders' Approval

Each of PT PEA and PT MPU (as the master lessee of SHPW) is not an Interested Person[3] of the Sponsor under Chapter 9 of the Listing Manual or an Interested Party[4] of the Sponsor under

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1 The term "**Interested Party Transaction**", as defined in the Property Funds Appendix, refers to transactions described as such in the Property Funds Appendix.

2 As defined in the Listing Manual, the term "**Interested Person Transaction**" means a transaction between an entity at risk and an Interested Person.

3 As defined in the Listing Manual, means:
(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of First REIT; or
(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of First REIT.

4 As defined in the Listing Manual, means:
(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of First REIT; or
(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of First REIT.

paragraph 5 of the Property Funds Appendix. Therefore, the SHPW Acquisition and the SHPW Master Lease are neither Interested Person Transactions under Chapter 9 of the Listing Manual nor Interested Party Transactions under paragraph 5 of the Property Funds Appendix.

While the approval of Unitholders is not required for the SHPW Acquisition and the SHPW Master Lease, for good corporate governance and transparency, the Manager is seeking the approval of the Unitholders for the SHPW Acquisition and the SHPW Master Lease on a voluntary basis as PT MPU will be sub-leasing SHPW to PT SIH (which is an indirect subsidiary of the Sponsor), or to a subsidiary of PT SIH. The terms of the sub-lease agreement to be entered into between PT SIH (directly or through its subsidiary) and PT MPU will be substantially the same as the terms in other sub-lease agreements that PT SIH (or its subsidiaries) has entered into with the Sponsor with respect to the other properties owned by First REIT where the Sponsor is the master lessee.

As at 26 March 2014, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**"), the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 33.59% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder"[1] of First REIT and a "Controlling Shareholder"[2] of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

(Paragraph 3, page 19 of the Letter to Unitholders provides further details.)

RESOLUTION 2: THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

Partial payment for the SHPW Acquisition

The Manager will make partial payment for the SHPW Acquisition by issuing Consideration Units of the value of S$4.5 million. Based on an illustrative issue price of S$1.0686 per Consideration Unit, the total number of the Consideration Units will be equivalent to 4,211,117 Units, representing 0.59% of the total number of Units in issue as at the Latest Practicable Date. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SHPW Acquisition, in accordance with the provisions of the Trust Deed.

Status of the Consideration Units

The Consideration Units will not be entitled to distributions by First REIT for the period from 1 April 2014 to the date preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by First REIT from the date of their issue to 30 June 2014 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

The Manager is seeking the approval of Unitholders by way of an Ordinary Resolution of the Unitholders for the issuance of the Consideration Units.

RATIONALE FOR THE SHPW ACQUISITION, THE SHPW MASTER LEASE AND THE ISSUANCE OF THE CONSIDERATION UNITS

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

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1 "**Controlling Unitholder**" means a person who:
- (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or
- (b) in fact exercises control over the property fund.

2 "**Controlling Shareholder**" means a person who:
- (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

(i) acquisition of an attractive property with major refurbishment works which were substantially completed within the first quarter of 2014 in Purwakarta, West Java, Indonesia, at a price below the independent valuations;

(ii) unique opportunity to invest in a growing niche market in Purwakarta, West Java, Indonesia;

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

(iv) increased absolute size of First REIT's asset base which may raise the profile of First REIT among global investors and an increased portfolio size which enhances First REIT's competitive positioning and ability to pursue future acquisitions;

(v) the SHPW Acquisition enhances the diversification of First REIT's portfolio across locations and medical specialisations; and

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

(Paragraph 5, page 22 of the Letter to Unitholders provides further details.)

PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Effects of the SHPW Acquisition

The pro forma financial effects of the SHPW Acquisition presented below are strictly for illustrative purposes only and were prepared based on the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2013 ("**FY2013**", and the audited consolidated financial statements of First REIT and its subsidiaries for FY2013, the "**FY2013 Audited Consolidated Financial Statements**") and on the assumptions set out at paragraph 6.1, page 24 of the Letter to Unitholders, which state, among others, that the distribution per Unit ("**DPU**") was calculated having taken into account the relevant financing costs as well as the issuance of the Consideration Units and the new Units as payment for the acquisition fees.

Financial Year ended 31 December 2013

The pro forma financial effects of the SHPW Acquisition on (i) the DPU for FY2013, as if First REIT had purchased SHPW on 1 January 2013, and held and operated SHPW through to 31 December 2013, and (ii) the net asset value ("**NAV**") per Unit as at 31 December 2013, as if First REIT had purchased SHPW on 31 December 2013, are as follows:

	FY2013	
	Before the SHPW Acquisition[(1)]	**After the SHPW Acquisition**
Distributable Income (S$'000)	52,086	53,751
DPU (cents)	7.52	7.54
NAV per Unit (cents)	96.64	97.26

Note:

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

(Paragraph 6.1, page 24 of the Letter to Unitholders provides further details and assumptions on the pro forma financial effects of the SHPW Acquisition.)

FIRST REIT

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

Directors of the Manager

Mr Albert Saychuan Cheok (Chairman and Independent Director)
Mr Goh Tiam Lock (Independent Director)
Mr Wong Gang (Independent Director)
Mr Ketut Budi Wijaya (Non-Executive Director)
Dr Ronnie Tan Keh Poo (Chief Executive Officer and Director)

Registered Office

50 Collyer Quay
#06-01 OUE Bayfront
Singapore 049321

11 April 2014

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

First REIT's investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes. In furtherance of First REIT's investment policy, the Manager is seeking the approval of Unitholders by way of Ordinary Resolutions at an extraordinary general meeting of Unitholders (the "**EGM**") for the following resolutions:

(a) Resolution 1: The SHPW Acquisition and the SHPW Master Lease (Ordinary Resolution) (which is conditional upon the passing of Resolution 2); and

(b) Resolution 2: The proposed issuance of the Consideration Units (Ordinary Resolution) (which is conditional upon the passing of Resolution 1).

In the event that any of Resolution 1 and 2 is not passed, the Manager will not proceed with the SHPW Acquisition, the SHPW Master Lease and the proposed issuance of the Consideration Units.

2. THE PROPOSED SHPW ACQUISITION AND THE SHPW MASTER LEASE

2.1 Description of SHPW

SHPW comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. SHPW is currently undergoing major refurbishment works (which have been substantially completed but which are expected to be fully completed in September 2014), and under the SHPW SPA, PT MPU and PT PEA are responsible for, and will pay for all costs in relation to, the refurbishment of SHPW. In addition, PT MPU and PT PEA are also responsible for the capital expenditures of SHPW for the next two years upon completion of the SHPW Acquisition. PT MPU will therefore be entering into the master lease agreement to retain oversight over the property and ensure that its obligations (which include satisfactory completion of the refurbishment works of SHPW) are met. In addition, PT MPU and its indirect wholly-owned subsidiary PT PEA do not have experience in running and operating hospitals, and therefore, PT SIH has been sought to advise, manage and operate the hospital by way of a sub-letting arrangement which will be entered into between PT PEA and PT SIH or its subsidiary before the completion of the sale of SHPW to First REIT, and this sub-letting arrangement will be assigned/novated by PT PEA to PT MPU on or after the completion of the sale of SHPW to First REIT.

Prior to the completion of the SHPW Acquisition, SHPW will commence operations under the "Siloam Hospitals" brand and upon SHPW commencing operations under the "Siloam Hospitals" brand, PT SIH, or its subsidiary, will be the sub-lessee of SHPW. SHPW has a total GFA of about 8,254 sq m and is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces. SHPW is a Centre of Excellence for emergency and trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency *(Badan Penyelenggara Jaminan Sosial/BPJS)* Program.

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

2.2 Structure of the SHPW Acquisition

First REIT is seeking to acquire SHPW for a purchase consideration of S$31.0 million from PT PEA, which is an indirect wholly-owned subsidiary of PT MPU[1]. In furtherance of the SHPW Acquisition, First REIT has on 12 March 2014 acquired a 100.0% interest in Finura Investments for a nominal consideration of S$1.00. Finura Investments in turn wholly-owns Glamis Investments. Subsequently, First REIT, through Finura Investments, has on 12 March 2014 entered into the SHPW SPA.

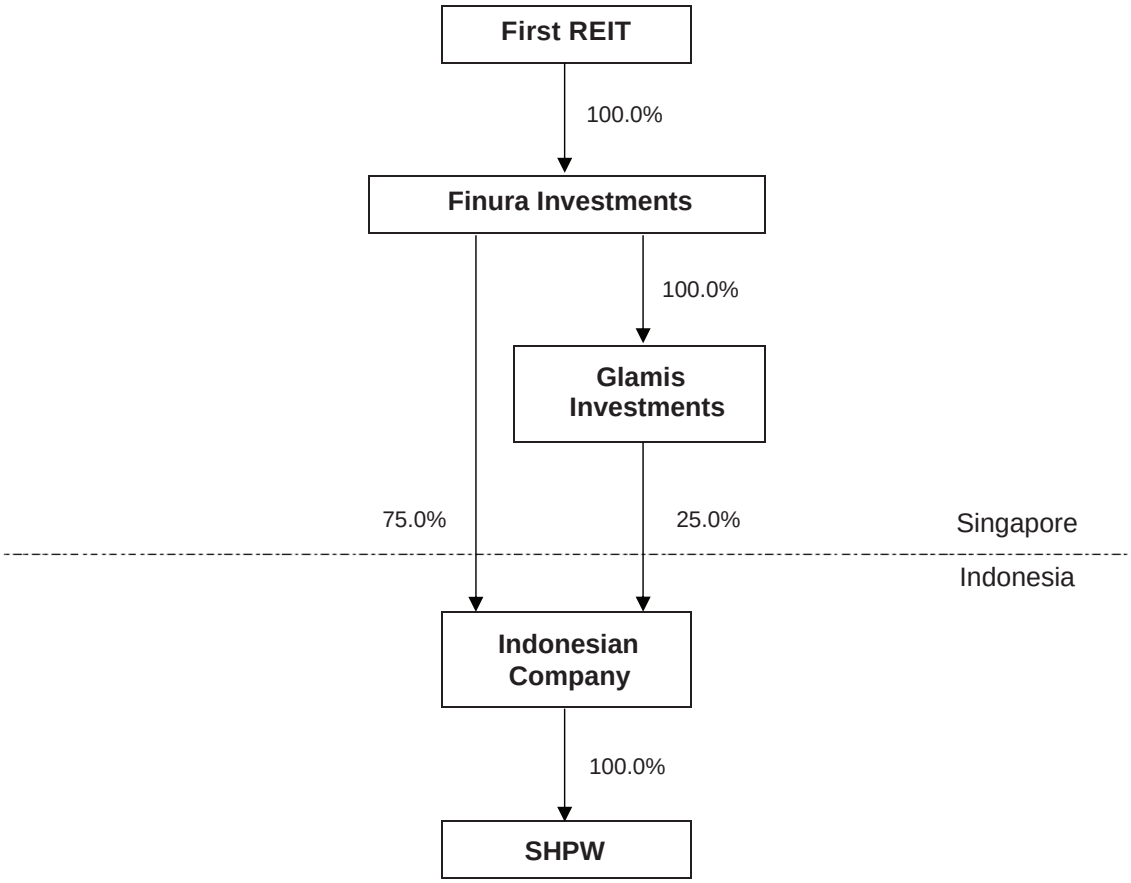
As Indonesian law does not consider First REIT to be a legal entity with the legal capacity to directly own land in Indonesia or shares in an Indonesian limited liability company and Indonesian Agrarian Law does not allow a foreign entity or individual to own Indonesian real estate, the SHPW SPA provides that Finura Investments has the right to nominate an Indonesian company to enter into the New SHPW SPA. The New SHPW SPA contains the same terms as that of the SHPW SPA. Upon such entry, Finura Investments and PT PEA will enter into the Termination Agreement to terminate the SHPW SPA.

For the avoidance of doubt, Finura Investments intends to nominate the Indonesian Company to enter into the New SHPW SPA. The Indonesian Company has been incorporated and is wholly-owned by Finura Investments and its wholly-owned subsidiary, Glamis Investments. Pursuant to Indonesian Company Law, an Indonesian limited liability company must be owned by at least two entities. Therefore, the Indonesian Company, being an Indonesian limited liability company, has two shareholders and the proposed holding structure for SHPW is consistent with Indonesian Company Law.

Upon completion of the SHPW Acquisition, First REIT will indirectly hold SHPW through the Indonesian Company under six HGB title certificates, of which five HGB title certificates will expire on 14 November 2043 and one HGB title certificate will expire on 27 November 2043.

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

1 PT PEA is not an Interested Person or an Interested Party of any of the Manager, the Sponsor, or the Trustee.



2.3 Valuation and Purchase Consideration

The SHPW Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHPW by W&R and Rengganis, which were commissioned by the Trustee and the Manager respectively[1]. The valuations were derived by W&R and Rengganis using the income approach utilising the discounted cash flow method as the subject property will be under a master lease agreement with PT MPU (as the master lessee of SHPW). This approach considers the subject property as an income producing property.

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

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

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

1 Although only one independent valuation is required as the SHPW Acquisition is not an Interested Party Transaction or an Interested Person Transaction, for good corporate governance and transparency, two independent property valuers, W&R and Rengganis, have been appointed by the Trustee and the Manager respectively to value SHPW.

2.4 Experience and track record of the Independent Valuers

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

W&R

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

Rengganis

KJPP Rengganis, Hamid & Rekan is an independent valuation firm registered in MAPPI, previously known as PT Heburinas Nusantara in association with CBRE Pte. Ltd. (established in 1996). Effective 1 March 2010, Rengganis established a strategic alliance with CBRE Pte. Ltd., a global property services company. Rengganis is provided with a business permit from the Ministry of Finance and registered with OJK. Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

2.5 Conditions precedent for the Completion of the SHPW Acquisition

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

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

2.5.2 the approval by Unitholders to be given at the EGM for the proposed issuance of the Consideration Units as part consideration for the SHPW Acquisition;

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

2.5.4 there being no adverse change to the financial condition of PT MPU (as the master lessee of SHPW) or its ability to make payment to the Indonesian Company under the SHPW Master Lease Agreement;

2.5.5 the Original HGB Title Certificates have been segregated into the New SHPW HGB Title Certificates, with proper legal and good marketable title to SHPW having been delivered to PT PEA;

2.5.6 the entry by the Indonesian Company and PT PEA into the New SHPW SPA; and

2.5.7 the entry by Finura Investments and PT PEA into the Termination Agreement.

The conditions precedent set out at sub-paragraphs 2.5.1 and 2.5.2 above are subject to the approval of Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor (the "**Independent Unitholders**") at the EGM. On the method of financing to undertake the SHPW Acquisition, please see paragraph 2.10 below. The condition precedent set out at sub-paragraph 2.5.4 above is subject to there being no adverse change to the financial condition of PT MPU (as the master lessee of SHPW) or its ability to make payment to the Indonesian Company under the SHPW Master Lease Agreement – this is intended for the benefit and protection of First REIT and its Independent Unitholders.

The condition precedent set out at sub-paragraph 2.5.5 above has been satisfied, as the SHGB No. 01669/Cibening was segregated into two new SHGB title certificates issued on 19 March 2014. Upon completion of the SHPW Acquisition, First REIT (through the Indonesian Company) will indirectly acquire the New SHPW HGB Title Certificates, of which one will be the new HGB title certificate No. 02189/Cibening from the segregation of SHGB No. 01669/Cibening issued on 19 March 2014.[1]

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

2.6 Indemnity in relation to the SHPW SPA

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

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

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

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

2.7 The SHPW Master Lease Agreement

In relation to the SHPW Acquisition, the SHPW Master Lease Agreement will be entered into between the Indonesian Company (as the master lessor of SHPW) and PT MPU (as the master lessee of SHPW) pursuant to which the SHPW Master Lease will be granted to PT MPU for a lease term of 15 years, commencing from the date of completion of the SHPW SPA with an option to renew for a further term of 15 years. Some of the key terms of the SHPW Master Lease Agreement are as follows.

2.7.1 Base Rent

The SHPW Master Lease is granted at an initial base rent of S$3,400,000 (the "**SHPW Base Rent**") per annum. In the absence of direct hospital asset comparables, the Manager has used one of its existing properties, Siloam Hospitals Lippo Cikarang ("**SHLC**"), for which the tenant is currently paying S$3.03 per square foot ("**sq ft**") per month as a

1 The Original HGB Title Certificates have been segregated into a total of seven HGB title certificates, of which six HGB title certificates will expire on 14 November 2043 and one HGB title will expire on 27 November 2043. Upon completion of the SHPW Acquisition, First REIT will indirectly acquire the New SHPW HGB Title Certificates.

comparison with SHPW and for which the tenant will be paying S$3.19 per sq ft per month based on the contracted base rent. The rate of S$3.19 per sq ft per month was arrived at based on commercial negotiations between willing parties. At this rental rate, First REIT will be able to achieve its required rate of return. This rental rate is also in line with the current rental of the closest of the comparable assets in First REIT's portfolio, namely SHLC. Due to the lack of prior transactions and relevant data of other comparable hospitals and medical centers in Indonesia, especially those with sales and master lease arrangements similar to the subject property, the Manager is of the view that SHLC is the closest and best comparable to SHPW in terms of geographical location and asset characteristics. As the yield in relation to the annual SHPW Base Rent meets the Manager's commercial requirements and is in line with current market rates, the Manager is of the view that it is reasonable.

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

Property	Current Yield (% p.a.)
Siloam Hospitals Lippo Village	8.84%
Siloam Hospitals Kebon Jeruk	8.78%
Siloam Hospitals Surabaya	9.62%
Imperial Aryaduta Hotel & Country Club	9.94%
Mochtar Riady Comprehensive Cancer Centre	8.50%
SHLC	9.59%
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.38%
Siloam Hospitals Makassar	8.16%
Siloam Hospitals Bali	8.27%
Siloam Hospitals Simatupang	8.26%
SHPW	10.97%

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

(Paragraph 2.7.9 below provides details of the opinion of the audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang (the "**Audit Committee**") on the SHPW Base Rent for the first year of the SHPW Master Lease.)

The SHPW Base Rent is payable quarterly in advance and will be subject to increase every year after the initial period of three years from the commencement of the SHPW Master Lease, at a rate equal to twice the percentage increase of the Consumer Price Index of Singapore (the "**Singapore CPI**") for the preceding calendar year, subject to a floor of 0.0% and a cap of 2.0%. Rental escalation in relation to SHPW is pegged to the Singapore CPI as the rental is payable in Singapore dollars, as is the case with the Existing Portfolio[1]. The historical trends of the Singapore CPI (the average Singapore CPI was approximately

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

1.9% over the 15-year period between 1998 and 2013) provide assurance that the rental adjustments will be relatively stable compared with the Indonesia CPI. This is in line with First REIT's intent to offer stable distributions to investors. As SHPW's annual rental income is denominated in Singapore dollars, which has been agreed by the parties and stipulated in the SHPW Master Lease Agreement, there is no risk of exchange rate exposure vis-à-vis the Indonesian Rupiah. Accordingly, in Singapore dollar terms, there would be no real reduction in the rental rate when compared to the long run inflation rate in Singapore.

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

2.7.2 Variable Rent

Variable rent is payable quarterly in advance and no variable rent will be payable in the first, second and third year of the SHPW Master Lease. No variable rent will be payable for the first three years of operations as this will enable the tenant to conserve its cash flow to step up and enhance its operations to an optimal level. Variable rent for the fourth year and for subsequent years of the SHPW Master Lease is based on the SHPW Gross Operating Revenue[1] growth and is calculated as described in sub-paragraph 2.7.4. The Manager also wishes to note that the SHPW Base Rent already forms the main bulk of the SHPW Total Rent[2] which adequately achieves First REIT's required rate of return. SHPW's variable rent constitutes only a small proportion of the SHPW Total Rent.

2.7.3 Fixed Exchange Rate

The SHPW Total Rent shall be paid in Singapore dollars. In respect of the variable rent, if the gross operating revenue on which the calculation of the variable rent is based is calculated in Indonesian Rupiah, the SHPW Total Rent will be paid according to the exchange rate of S$1.00 to Rp. 9,500 (which shall be fixed for the entire lease term).

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

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

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

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

- where the SHPW Gross Operating Revenue for the preceding financial year exceeds the SHPW Gross Operating Revenue for the further preceding financial year by an amount of 30.0% or more, the variable rent payable by the master lessee of SHPW shall be equivalent to 2.0% of such excess amount.

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1 "**SHPW Gross Operating Revenue**" means the gross operating revenue of the tenant derived specifically from the tenant's healthcare and/or healthcare-related business carried on at the property, as audited for such period commencing 1 January and ending on 31 December of the same year ("**fiscal year**"). In the event the property is sub-let by the tenant to a sub-tenant, the gross operating revenue shall mean with respect to a fiscal year, the gross operating revenue of the sub-tenant derived specifically from the sub-tenant's healthcare and/or healthcare-related business carried on at the property, as audited for such fiscal year.

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

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

2.7.5 Illustration of Computation of Variable Rent

(i) Assumptions

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

(a) the SHPW Master Lease commenced on 1 January 2014;

(b) the fourth year of lease will commence on 1 January 2017;

(c) the SHPW Gross Operating Revenue for the financial year ended 31 December 2015 ("**FY2015**") is Rp. 110,000,000,000;

(d) the SHPW Gross Operating Revenue for the financial year ended 31 December 2016 ("**FY2016**") is Rp. 130,000,000,000; and

(e) further to sub-paragraphs 2.7.5(i)(c) and (d) above, the SHPW Gross Operating Revenue growth for FY2016 over that of FY2015 is 18.2% and the surplus of the SHPW Gross Operating Revenue for FY2016 over that of FY2015 is Rp. 20,000,000,000.

(ii) Variable rent for the fourth year

Based on the assumptions set out in sub-paragraph 2.7.5(i) above, the variable rent in respect of SHPW for the fourth year of lease will be 1.25% x Rp. 20,000,000,000; (i.e. Rp. 250,000,000; or approximately S$26,315.79[(1)]). The rate of 1.25% is derived from the terms of the SHPW Master Lease Agreement for computation of SHPW's variable rent as set out in sub-paragraph 2.7.4 above.

Note:

(1) The total variable rent payable in respect of SHPW in the fourth year of lease and based on the on the fixed exchange rate of S$1.00: Rp. 9,500.

2.7.6 Assignment/Subletting

PT MPU shall not assign the SHPW Master Lease without the prior written consent of the Indonesian Company. The assignee must be of good repute and sound financial standing and PT MPU, the assignee and the Indonesian Company shall contemporaneously with the assignment of the SHPW Master Lease to the assignee (as new tenant) execute in escrow a deed of novation in respect of the SHPW Master Lease for the replacement of the assignee by PT MPU upon the occurrence of any event of default committed by the assignee under the SHPW Master Lease.

PT MPU shall not sub-let SHPW without the prior written consent of the Indonesian Company (such consent not to be unreasonably withheld) and subject to such terms and conditions which the Indonesian Company may impose, provided always that PT MPU shall not be required to seek the consent of the Indonesian Company, but only notify the Indonesian Company in writing, in the event of any sub-lease of SHPW by PT MPU to PT SIH or a subsidiary of PT SIH.

2.7.7 Maintenance and other Operating Expenses of SHPW

PT MPU (as the master lessee of SHPW) will be responsible for all outgoings including, but not limited to, expenses relating to the internal and external property repairs and maintenance, landscaping, utility costs, property related taxes. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operation expenses in relation to SHPW.

2.7.8 Insurance

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

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

(ii) an insurance policy against loss of rental income, terrorism, sabotage and all risks and business interruption in the joint names of the Indonesian Company and PT MPU to its full market insurable amount as assessed by the Indonesian Company, damage to the building at SHPW and all parts thereof which PT MPU is obliged to keep in repair under the SHPW Master Lease;

(iii) a comprehensive public liability insurance policy in the joint names of the Indonesian Company and PT MPU against claims for personal injury, death or property damage or loss, arising out of all operations of PT MPU and its permitted occupiers in SHPW; and

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

PT MPU shall pay for any increase in premium payable due to increase in sum insured for property all-risk (including earthquake), if any.

The Manager believes that the insurance policies taken out by PT MPU for SHPW are consistent with industry practice in Indonesia.

2.7.9 Audit Committee's opinion on the SHPW Base Rent for the first year of the SHPW Master Lease

The size, location and age of SHLC and SHPW are set out in the table below:

Property	Location	GFA (sq m)	Age of Property (years)
SHLC	Cikarang, Bekasi, Indonesia	11,125.00	12
SHPW	Jalan Bungursari No. 1, Sub-district Cibening, District Campaka, Purwakarta, West Java, Indonesia	8,254.00	9 (for the three-storey building) and 6 (for the five-storey building)

The Audit Committee is of the opinion that it is reasonable to benchmark the rental rates of SHPW to those of SHLC for the following reasons:

(i) each of SHPW and SHLC provides primary, secondary and tertiary healthcare services with advanced and high-quality medical care and facilities;

(ii) each of SHPW and SHLC serves the middle to upper middle-income patient brackets within the catchment areas of Purwakarta and Bekasi respectively;

(iii) SHPW and SHLC are located relatively close to each other;

(iv) each of SHPW and SHLC is a Centre of Excellence for emergency and trauma; and

(v) the age of the buildings at SHPW are newer compared to the age of the building at SHLC.

In view of the above reasons and SHLC's current rental of S$3.03 per sq ft per month, the Audit Committee is also of the opinion that SHPW's rental rate of S$3.19 per sq ft per month for the first year of the SHPW Master Lease under the SHPW Master Lease Agreement is reasonable.

2.7.10 Indonesian Currency Law

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

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

In addition, it is provided that a person is prohibited from refusing to receive Indonesian Rupiah for payment or fulfilment of an obligation to be fulfilled in Indonesian Rupiah and/or for other financial transactions within the territory of the Republic of Indonesia, unless there is doubt as to the authenticity of the Indonesian Rupiah and that the above is exempted for foreign currency payments or fulfilment of obligations which have been agreed in writing.[1]

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

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

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

1 Article 23 of Law No. 7/2011.

(i) with effect from the date that such requirement comes into effect, pay the SHPW Total Rent in Indonesian Rupiah in such amount equivalent to the SHPW Total Rent in Singapore dollars at such conversion rate as may be mutually agreed between the master lessor and master lessee, or, in the absence of such agreement, at the prevailing conversion rate of the Bank of Indonesia; and

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

2.8 Completion

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

2.9 SHPW Acquisition Cost

The SHPW Acquisition Cost is currently estimated to be approximately S$31.88 million, comprising the following:

2.9.1 the SHPW Purchase Consideration of S$31.0 million;

2.9.2 the SHPW Acquisition Fee[1] of S$0.31 million payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which may be payable in the form of cash and/or Units as the Manager may elect; and

2.9.3 the estimated professional and other fees and expenses of approximately S$0.57 million[2] to be incurred by First REIT in connection with the SHPW Acquisition.

2.10 Method of Financing the SHPW Acquisition

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

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

2.11 HGB Title

Upon completion of the SHPW Acquisition, First REIT will indirectly hold SHPW through the Indonesian Company under six HGB title certificates[3], of which five HGB title certificates are expiring on 14 November 2043 and one HGB title is expiring on 27 November 2043. 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. This right is transferable and may be encumbered. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office two years prior to the expiration of this initial term, a HGB title may be extended for an additional term not

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1 Being 1.0% of the SHPW Purchase Consideration.

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

3 The Original HGB Title Certificates have been segregated into a total of seven HGB title certificates, of which six HGB title certificates will expire on 14 November 2043 and one HGB title will expire on 27 November 2043. Upon completion of the SHPW Acquisition, First REIT will indirectly acquire the New SHPW HGB Title Certificates.

exceeding 20 years. The application for an extension must be made no later than two years prior to the expiration of the initial term at the National Land Office. Upon the expiration of the extension, the land owner may apply for a renewal and a new HGB title may be granted on the same land to the same owner by fulfilling certain requirements. The application for the new HGB title should be made no later than two years prior to the expiration of the extension. The cost of extension is determined based on certain formulas as stipulated by the National Land Office. The National Land Office tends to grant an extension or renewal of HGB title certificates, subject to there being no changes in zoning policies by the government, abandonment of the land, destruction of land, egregious breaches of the conditions of the current HGB title by the owners of the land, and revocation of the HGB title due to public interest considerations.

The Manager had previously successfully renewed the HGB title certificates of Siloam Hospitals Surabaya. Siloam Hospitals Surabaya is held under HGB Certificate No. 325/Gubeng, HGB Certificate No. 343/Gubeng, HGB Certificate No. 340/Gubeng, HGB Certificate No. 476/Gubeng, HGB Certificate No. 494/Gubeng, HGB Certificate No. 408/Gubeng, HGB Certificate No. 410/Gubeng, HGB Certificate No. 243K/Gubeng and HGB Certificate No. 264/Gubeng. Three of these HGB title certificates, being HGB Certificate No.243K/Gubeng, HGB Certificate No.264/Gubeng and HGB Certificate No.325/Gubeng, expired on 1 February 2009, 19 September 2010 and 31 March 2013 respectively. The Manager had on 12 November 2008, 20 November 2008 and 25 February 2013 successfully renewed all three HGB Certificate No.243K/Gubeng, HGB Certificate No.264/Gubeng and HGB Certificate No.325/Gubeng till 31 January 2029, 18 September 2030 and 30 March 2033 respectively.

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

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

1 Change in HGB Certificate No. is due to region enlargement by National Land Office.
2 Change in HGB Certificate No. is due to region enlargement by National Land Office.
3 Change in HGB Certificate No. is due to region enlargement by National Land Office.
4 Change in HGB Certificate No. is due to region enlargement by National Land Office.
5 Change in HGB Certificate No. is due to region enlargement by National Land Office.
6 Change in HGB Certificate No. is due to region enlargement by National Land Office.

HGB Certificate No. 01333/Bencongan Indah and HGB Certificate No. 01334/Bencongan Indah expired on 26 July 2012. The Manager had on 4 April 2012 successfully renewed HGB Certificate No. 01335/Bencongan Indah, HGB Certificate No. 01332/Bencongan Indah, HGB Certificate No. 01333/Bencongan Indah and HGB Certificate No. 01334/Bencongan Indah till 26 July 2032.

Pursuant to one of the Building Construction Licenses of SHPW, SHPW is located and constructed on six connected parcels of land represented by HGB Certificate No. 01050/Cibening, HGB Certificate No. 01666/Cibening, HGB Certificate No. 01667/Cibening, HGB Certificate No. 01668/Cibening, HGB Certificate No. 01670/Cibening and HGB Certificate No. 01669/Cibening. This is similar to some of the Indonesia properties in First REIT's Existing Portfolio where a single property is constructed on parcels of land which are represented by more than one HGB certificate.

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

3. REQUIREMENT FOR UNITHOLDERS' APPROVAL

3.1 Obtaining of Unitholders' Approval

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

While the approval of Unitholders is not required for the SHPW Acquisition and the SHPW Master Lease, for good corporate governance and transparency, the Manager is seeking the approval of the Unitholders for the SHPW Acquisition and the SHPW Master Lease on a voluntary basis as PT MPU will be sub-leasing SHPW to PT SIH (which is an indirect subsidiary of the Sponsor) or to a subsidiary of PT SIH. The terms of the sub-lease agreement to be entered into between PT SIH (directly or through its subsidiary) and PT MPU will be substantially the same as the terms in other sub-lease agreements that PT SIH (or its subsidiaries) has entered into with the Sponsor with respect to the other properties owned by First REIT where the Sponsor is the master lessee.

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 33.59% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" of First REIT and a "Controlling Shareholder" of the Manager respectively under both the Listing Manual and the Property Funds Appendix.

Based on the FY2013 Audited Consolidated Financial Statements, the latest consolidated audited net tangible asset value ("**NTA**") of First REIT was S$682.9 million and the NAV of First REIT was S$682.9 million as at 31 December 2013. The value of the SHPW Master Lease is S$56.7 million which is 8.3% of the NTA and NAV of First REIT as at 31 December 2013.

3.2 Existing Interested Person Transactions

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

3.3 Fees Payable to the Manager

As the SHPW Acquisition does not constitute an Interested Party Transaction under the Property Funds Appendix, the SHPW Acquisition Fee shall be payable to the Manager in cash and/or new Units as the Manager may elect.

After completion of the SHPW Acquisition, the Manager will also be entitled under the Trust Deed to receive from First REIT, management fees attributable to SHPW comprising a base fee of 0.4% per annum of the value of SHPW and a performance fee of 5.0% per annum of the Net Property Income[1] of SHPW. The Manager will be entitled to the management fees attributable to SHPW in the future for so long as SHPW continues to form part of the investment portfolio of First REIT.

For illustrative purposes only, based on the FY2013 Audited Consolidated Financial Statements and the assumptions set out at paragraph 6.1 below, and assuming First REIT had purchased SHPW on 1 January 2013, and held and operated SHPW through to 31 December 2013, the pro forma base fee attributable to SHPW for FY2013 is S$150,000 and the pro forma performance fee attributable to SHPW for FY2013 is S$167,000.

3.4 Approval by Unitholders for the SHPW Acquisition and the SHPW Master Lease

In approving the SHPW Acquisition and the SHPW Master Lease, Unitholders are deemed to have approved all documents which are required to be executed by the parties in order to give effect to the SHPW Acquisition and the SHPW Master Lease.

3.5 Interests of Directors and Substantial Unitholders

Interests of the Directors of the Manager

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

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

Notes:

(1) Percentage interest is based on 711,623,400 Units in issue as at the Latest Practicable Date.

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

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

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 Unitholders are as follows:

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1 "**Net Property Income**" consists of contracted rent under the master lease agreement in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less property expenses (where applicable).

Name of Substantial Unitholders	Direct Interest		Deemed Interest		Total no. of Units held	%[1]
	No. of Units	%[1]	No. of Units	%[1]		
Bridgewater International Ltd	164,439,019	23.11	–	–	164,439,019	23.11
PT Menara Tirta Indah	43,332,050	6.09	–	–	43,332,050	6.09
PT Primakreasi Propertindo[2]	–	–	43,332,050	6.09	43,332,050	6.09
PT Sentra Dwimandiri[3]	–	–	164,439,019	23.11	164,439,019	23.11
The Sponsor[4]	–	–	239,012,434	33.59	239,012,434	33.59

Notes:

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

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

3.6 Directors' Service Contracts

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

3.7 Major Transactions – Chapter 10 of the Listing Manual

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

(i) non-discloseable transactions;

(ii) discloseable transactions;

(iii) major transactions; and

(iv) very substantial acquisitions or reverse takeovers.

3.7.2 A proposed acquisition by First REIT may fall into any of the categories set out in sub-paragraph 3.7.1 above depending on the size of the relative figures computed on the following bases of comparison:

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

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

Where any of the relative figures computed on the bases set out above is 20.0% or more, the transaction is classified as a "major transaction" under Rule 1014 of the Listing Manual which would be subject to the approval of Unitholders, unless (i) such transaction is in the ordinary course of First REIT's business or (ii) in the case of an acquisition of profitable assets, the only limit breached is the profit test set out in paragraph 3.7.2(i) above.

3.7.3 The relative figures for the SHPW Acquisition using the applicable bases of comparison described in sub-paragraphs 3.7.2(i) and 3.7.2(ii) are set out in the table below.

Comparison of:	SHPW	First REIT	Relative Figure
Net Property Income[1]	S$3.34 million[2]	S$80.21 million[3]	4.16%
Purchase Consideration against First REIT's market capitalisation	S$31.0 million[4]	First REIT's market capitalisation: S$761.44 million[5],[6]	4.07%

Notes:

(1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets.
(2) Based on an assumed net rental of approximately S$3.4 million under the master lease of SHPW, less property expenses.
(3) Based on the FY2013 Audited Consolidated Financial Statements.
(4) Does not include transaction costs.
(5) Based on the closing price of S$1.07 per Unit on the SGX-ST on the Latest Practicable Date (the "**Closing Price**").
(6) Based on Units in issue as at the Latest Practicable Date.

4. THE PROPOSED ISSUANCE OF THE CONSIDERATION UNITS

4.1 Partial payment for the SHPW Acquisition

As described in paragraph 2.10 above, the Manager will make partial payment for the SHPW Acquisition by issuing Consideration Units of the value of S$4.5 million. Based on an illustrative issue price of S$1.0686 per Consideration Unit, the total number of the Consideration Units will be equivalent to 4,211,117 Units representing 0.59% of the total number of Units in issue as at the Latest Practicable Date. The final issue price of the Consideration Units will be determined based on the 10-Day Volume Weighted Average Price of the Units immediately preceding the date of completion of the SHPW Acquisition, in accordance with the provisions of the Trust Deed.

4.2 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by First REIT for the period from 1 April 2014 to the date preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by First REIT from the date of their issue to 30 June 2014 as well as all distributions thereafter. The Consideration Units will, upon issue, rank *pari passu* in all respects with the existing Units in issue.

5. RATIONALE FOR THE SHPW ACQUISITION, THE SHPW MASTER LEASE AND THE ISSUANCE OF THE CONSIDERATION UNITS

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

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

The SHPW Acquisition represents an opportunity for First REIT to acquire a hospital which is attractive, good quality and of international standards in a prime location in Indonesia. SHPW is currently undergoing major refurbishment works which were substantially completed in the first quarter of 2014 and is expected to be fully completed in September 2014.

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

5.2 Unique opportunity to invest in a growing niche market in Purwakarta, West Java, Indonesia

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

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

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

The SHPW Master Lease will be beneficial to First REIT as SHPW is expected to provide stability to First REIT's Gross Rental Income[1] over the next 15 to 30 years (assuming that the option to renew for a further term of 15 years is exercised). The step-up feature of the base and variable rental components under the SHPW Master Lease Agreement would also provide locked-in organic growth in First REIT's cash flow. To ensure stability in First REIT's Gross Rental Income from SHPW, security deposits equivalent to six months of SHPW's annual rental payable (amounting to S$1.7 million) will be made to First REIT in the form of bankers' guarantees. This security deposit amount will be adjusted at relevant rent review dates.

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

Currently, the master leases of the properties in the Existing Portfolio have tenures of 10 years or 15 years. With the SHPW Acquisition, First REIT will benefit from the increase in the Enlarged Portfolio's[2] weighted average lease to expiry based on secured Gross Rental Income with SHPW contributing 4.6% of First REIT's total Gross Rental Income under the SHPW Master Lease Agreement. The weighted average lease to expiry of the Enlarged Portfolio will increase from approximately 11.3 years from that of the Existing Portfolio as at 31 December 2013 to approximately 11.5 years after the completion of the SHPW Acquisition.

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

First REIT's asset size will grow from S$1.05 billion as at 31 December 2013 to S$1.09 billion after the completion of the SHPW Acquisition. The value of First REIT's Deposited Property[3] is expected to increase by 3.5% from S$1.11 billion as at 31 December 2013 to S$1.15 billion after the completion of the SHPW Acquisition and there will also be a 3.63% increase in the total GFA from 227,376 sq m before the SHPW Acquisition to 235,630 sq m after the completion of the SHPW Acquisition. The maximum number of hospital beds for the Indonesia properties will increase by 8.76% from 2,318 to 2,521.

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

2 "**Enlarged Portfolio**" consists of SHPW and the Existing Portfolio.

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

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

The SHPW Acquisition is expected to benefit Unitholders by improving diversification of Gross Rental Income due to diversification in geographical location. With an enlarged asset base, the operator of SHPW will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential value appreciation of First REIT's Indonesian properties.

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

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

SHPW is located in West Java, Indonesia in which First REIT already operates and is an extension of First REIT's Existing Portfolio into a new location of Purwakarta.

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

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

The aggregate leverage ratio of First REIT is expected to increase from 32.3% as at 31 December 2013 to 33.9% if the SHPW Purchase Consideration is funded wholly by debt.

Assuming S$4.5 million of the SHPW Purchase Consideration is satisfied by way of issuance of Consideration Units at an illustrative issue price of S$1.0686 per Unit, with the balance of the SHPW Purchase Consideration to be paid to PT PEA in cash, the aggregate leverage ratio of First REIT is expected to increase at a lower rate of 33.5% compared to 33.9% if the SHPW Purchase Consideration is funded wholly by debt.

6. PRO FORMA FINANCIAL INFORMATION

6.1 Pro Forma Financial Effects of the SHPW Acquisition

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

(a) the SHPW Acquisition Cost, comprising the SHPW Purchase Consideration, SHPW Acquisition Fee, professional and other fees and expenses is S$31.88 million;

(b) First REIT will, upon completion of the SHPW Acquisition, revalue SHPW to the fair value of S$37.5 million, based on the valuation of SHPW by Rengganis, who is appointed by the Manager;

(c) S$4.5 million of the SHPW Purchase Consideration will be paid via the issuance of the Consideration Units at an assumed 10-Day Volume Weighted Average Price of S$1.0686 per Unit;

(d) the balance of the SHPW Purchase Consideration will be paid to PT PEA via a debt facility with the upfront cost of S$0.34 million to be amortised over the tenure of the debt facility; and

(e) an assumed issue price of S$1.0686 per Unit (similar to the issue price of the Consideration Units) in relation to the SHPW Acquisition Fee.

6.2 Financial Year ended 31 December 2013

Pro Forma DPU

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

	FY2013	
	Before the SHPW Acquisition[(1)]	**After the SHPW Acquisition**
Distributable Income (S$'000)	52,086	53,751
Units in issue and to be issued	706,629,453	712,980,931
DPU (cents)	7.52	7.54

Note:

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

Pro Forma NAV per Unit

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

	As at 31 December 2013	
	Before the SHPW Acquisition[(1)]	**After the SHPW Acquisition**
NAV (S$'000)	682,899	693,451
Units in issue and to be issued	706,629,453	712,980,931
NAV per Unit (cents)	96.64	97.26

Note:

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

Pro Forma capitalisation

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

	As at 31 December 2013	
	Actual	**As adjusted for the SHPW Acquisition**
	(S$'000)	**(S$'000)**
Short-term debt:		
Unsecured	–	–
Secured	–	–
Total short-term debt	–	–
Long-term debt:		
Unsecured	98,902	98,902
Secured	254,896	281,628
Total long-term debt	353,798	380,530
Total Debt	353,798	380,530
Unitholders funds	682,899	693,451
Total Capitalisation	1,036,697	1,073,981

7. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

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

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

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

8. RECOMMENDATIONS

8.1 On the SHPW Acquisition and SHPW Master Lease

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

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

(ii) the rationale for the SHPW Acquisition, the SHPW Master Lease and the issuance of the Consideration Units as set out in paragraph 5 above,

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

Accordingly, the Independent Directors recommends that Unitholders vote at the EGM in favour of Resolution 1 (in relation to the SHPW Acquisition and the SHPW Master Lease).

8.2 On the proposed issuance of the Consideration Units

Having regard to the rationale for the issuance of the Consideration Units as set out in paragraph 5.6 above, the Manager believes that the issuance of the Consideration Units would be beneficial to, and is in the interests of, First REIT and its Unitholders.

Accordingly, the Directors recommend that Unitholders vote at the EGM in favour of Resolution 2 (in relation to the proposed issuance of the Consideration Units).

9. EXTRAORDINARY GENERAL MEETING

The EGM will be held at **Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867** on **Wednesday, 30 April 2014**, at **3:00 p.m.** (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 2:30 p.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages G-1 to G-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions. Approval by way of Ordinary Resolution is required in respect of Resolution 1 (in relation to the SHPW Acquisition and the SHPW Master Lease) and Resolution 2 (in relation to the proposed issuance of the Consideration Units).

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

10. ABSTENTIONS FROM VOTING

10.1 Relationship between the Sponsor, the Manager and First REIT

As at the Latest Practicable Date, the Sponsor directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 33.59% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a "Controlling Unitholder" of First REIT as well as a "Controlling Shareholder" of the Manager respectively.

10.2 Abstention from Voting

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

(i) Resolution 1: The SHPW Acquisition and the SHPW Master Lease

For good corporate governance and transparency, although the SHPW Acquisition and the SHPW Master Lease do not constitute Interested Person Transactions under Chapter 9 of the Listing Manual or Interested Party Transactions under paragraph 5 of the Property Funds Appendix, the Sponsor and the Manager (i) will abstain, and will procure that their associates will abstain, from voting at the EGM on Resolution 1 (the SHPW Acquisition and the SHPW Master Lease); and (ii) will procure that their associates will not, accept appointments as proxies in relation to the resolution on the SHPW Acquisition and the SHPW Master Lease unless specific instructions as to voting are given.

(ii) Resolution 2: The Proposed Issuance of the Consideration Units

Given that PT PEA is not an Interested Person under Chapter 9 of the Listing Manual or an Interested Party under paragraph 5 of the Property Funds Appendix of the Sponsor, the Manager or the Trustee, the Manager and the Sponsor are not required to abstain from voting on Resolution 2.

11. ACTION TO BE TAKEN BY UNITHOLDERS

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

If a Unitholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of the Manager at 50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321, not later than Monday, 28 April 2014 at 3:00 p.m., being 48 hours before the time fixed for the EGM. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the EGM if he so wishes.

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

12. 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 SHPW Acquisition, the SHPW Master Lease and the proposed issuance of the Consideration Units, First REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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

13. CONSENTS

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

14. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 50 Collyer Quay, #06-01 OUE Bayfront, Singapore 049321 from the date of this Circular up to and including the date falling three months after the date of this Circular[1]:

(i) the SHPW SPA (which contains the forms of the Master Lease Agreement, the Deed of Indemnity and the New SHPW SPA);

(ii) the full valuation report on SHPW issued by W&R;

(iii) the full valuation report on SHPW issued by Rengganis;

(iv) the Indonesia Healthcare Market Review Report by Frost & Sullivan (S) Pte Ltd;

(v) the FY2013 Audited Consolidated Financial Statements;

(vi) the Independent Indonesian Taxation Report by PT Taxand; and

(vii) the IFA Letter from the IFA.

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

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

Dr Ronnie Tan Keh Poo
Chief Executive Officer and Director

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

IMPORTANT NOTICE

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

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

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

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

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

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

GLOSSARY

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

%	:	Per centum or percentage
10-Day Volume Weighted Average Price	:	The volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the period of 10 Business Days immediately preceding the relevant Business Day
A&E	:	Accident and emergency
Audit Committee	:	The audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Authorised Investments	:	Refers to, in general: (a) real estate, whether freehold or leasehold, in or outside Indonesia, held singly or jointly, and/or by way of direct ownership or by a shareholding in a special purpose vehicle; (b) any improvement or extension of or addition to, or reconstruction, refurbishment, retrofitting, renovation or other development of any real estate or any building thereon; (c) real estate related assets, wherever the issuers, assets or securities are incorporated, located, issued or traded; (d) listed or unlisted debt securities and listed shares or stock and (if permitted by the MAS) unlisted shares or stock of or issued by local or foreign non-property companies or corporations; (e) government securities (issued on behalf of the Singapore Government or governments of other countries) and securities issued by a supra-national agency or a Singapore statutory board; (f) cash and cash equivalent items; (g) financial derivatives only for the purposes of (a) hedging existing positions in First REIT's portfolio where there is a strong correlation to the underlying investments or (b) efficient portfolio management, provided that such derivatives are not used to gear the overall portfolio of First REIT or intended to be borrowings of the First REIT; and (h) any other investment not covered by paragraphs (a) to (g) of this definition but specified as a permissible investment in the Property Funds Appendix and selected by the Manager for investment by First REIT and approved by the Trustee in writing
Business Day	:	Means any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are generally open for business in Singapore and the SGX-ST (and, if the Units are listed on any other recognised stock exchange, that recognised stock exchange) is open for trading

CCR	:	Indonesia Core Central Region
CDP	:	The Central Depository (Pte) Limited
Centre of Excellence	:	A term used to describe a particular area of medical specialisation, proficiency and excellence, with the relevant specialist doctors, nursing staff and state-of-the-art medical equipment and facilities, at a hospital
Circular	:	This circular to Unitholders dated 11 April 2014
Closing Price	:	The closing price of S$1.07 per Unit on the SGX-ST on the Latest Practicable Date
Consideration Units	:	New Units to be received by PT PEA as satisfaction of S$4.5 million of the SHPW Purchase Consideration
Controlling Shareholder	:	Means a person who: (a) holds directly or indirectly 15.0% or more of the total number of issued shares excluding treasury shares in the company; or (b) in fact exercises control over a company
Controlling Unitholder	:	Means a person who: (a) holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or (b) in fact exercises control over the property fund
Decree	:	MOF Indonesia decree (No. 125/PMK.01/2008) on public appraisal services
Deed of Indemnity	:	The deed of indemnity to be entered into between the Trustee and PT MPU
Deed of Land SPA	:	The deed of sale and purchase of a certain portion of the Original SHGB Title Certificates (covering a total area of 7,990 sq m) between the Indonesian Company and PT PEA
Deposited Property	:	The gross assets of First REIT, including its properties and its Authorised Investments for the time being held or deemed to be held upon the trusts under the Trust Deed
Directors	:	Directors of the Manager
DPU	:	Distribution per Unit
EGM	:	The extraordinary general meeting of Unitholders to be held at Mandarin Ballroom III, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 30 April 2014, at 3:00 p.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of First REIT to be held at 2:30 p.m. on the same day and at the same place), to approve the matters set out in the Notice of Extraordinary General Meeting on pages G-1 to G-2 of this Circular

Enlarged Portfolio	:	Comprises SHPW and the Existing Portfolio
Existing Portfolio	:	The portfolio of properties currently held by First REIT, consisting of: its properties in Indonesia, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, SHLC, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club; its properties in Singapore, Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence; and its property in the Republic of South Korea, Sarang Hospital
FCR	:	Indonesia Fringe Central Region
Finura Investments	:	Finura Investments Pte. Ltd., a wholly-owned subsidiary of First REIT and a company incorporated in Singapore
First REIT	:	First Real Estate Investment Trust, a unit trust constituted in the Republic of Singapore pursuant to the Trust Deed
fiscal year	:	The period commencing 1 January and ending on 31 December of the same year
FY2013 Audited Consolidated Financial Statements	:	The audited financial statements of First REIT and its subsidiaries for FY2013
FY2013	:	First REIT's financial year ended 31 December 2013
FY2015	:	First REIT's financial year ending 31 December 2015
FY2016	:	First REIT's financial year ending 31 December 2016
GFA	:	Gross floor area
Glamis Investments	:	Glamis Investments Pte. Ltd., a wholly-owned subsidiary of Finura Investments and a company incorporated in Singapore
Gross Rental Income	:	Contracted rent under the master lease agreement in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable)
Gross Revenue	:	Consists of Gross Rental Income and (where applicable) other income earned from First REIT's properties
HGB	:	Hak Guna Bangunan (Right to Build)
IFA	:	The Independent Financial Adviser to the Independent Directors and to the Trustee, being Stirling Coleman Capital Limited
IFA Letter	:	The letter from the IFA to the Independent Directors and the Trustee containing its advice as set out in Appendix D of this Circular
Independent Directors	:	The independent directors of the Manager, being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Independent Healthcare Research Consultant	:	Frost & Sullivan (S) Pte Ltd

Independent Indonesia Tax Adviser	:	PB Taxand
Independent Singapore Tax Adviser	:	Ernst & Young Solutions LLP
Independent Unitholders	:	Unitholders other than the Sponsor, parties acting in concert with the Sponsor and parties which are not independent of the Sponsor
Independent Valuers	:	Refers to, collectively, W&R and Rengganis, which were commissioned by the Trustee and the Manager respectively to value SHPW
Indonesia CPI	:	Consumer Price Index of Indonesia
Indonesian Company	:	An Indonesian limited liability company which is wholly-owned by Finura Investments and Glamis Investments
Interested Party	:	As defined in the Property Funds Appendix, means: (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of 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 real estate investment trust ("**REIT**"), has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. 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	:	Means a transaction between an entity at risk and an Interested Person
KJPP	:	Kantor Jasa Penilai Publik (Accredited Public Appraiser Firms)
Latest Practicable Date	:	26 March 2014, being the latest practicable date prior to the printing of this Circular
Law No. 7/2011	:	Law No. 7 of 2011 on Currency (Undang-Undang Mata Uang)
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Bowsprit Capital Corporation Limited, in its capacity as manager of First REIT

MAPPI	:	The Indonesian Society of Appraisers (Masyarakat Profesi Penilai Indonesia)
Market Day	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
MAS	:	Monetary Authority of Singapore
MOF Indonesia	:	Ministry of Finance of the Republic of Indonesia
MOF Interpretation	:	Document issued on 6 December 2011 to the public on the interpretation of Law No. 7/2011, the Currency Law, by MOF Indonesia, through the Directorate General of Treasury of the Republic of Indonesia
National Land Office	:	The National Land Office of Republic of Indonesia (Badan Pertanahan Nasional)
NAV	:	Net asset value
Net Property Income	:	Consists of contracted rent under the master lease agreement in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less property expenses (where applicable)
New SHPW HGB Title Certificates	:	SHGB No. 01666/Cibening, SHGB No. 01667/Cibening, SHGB No. 01668/Cibening, SHGB No. 01670/Cibening and the new SHGB title certificate No. 02189/Cibening due to the segregation of SHGB No. 01669 which was issued on 19 March 2014 (expiring on 14 November 2043) and No. 01050/Cibening (expiring on 27 November 2043) issued in respect of SHPW by the relevant National Land Agency covering an area of 7,990 sq m, which originated from the Original HGB Title Certificates in relation to SHPW (SHGB No. 01666/Cibening, SHGB No. 01667/Cibening, SHGB No. 01668/ Cibening, SHGB No. 01669/Cibening, SHGB No. 01670/Cibening (expiring on 14 November 2043) and No. 01050/Cibening (expiring on 27 November 2043))
New SHPW SPA	:	The conditional sale and purchase agreement to be entered into between a nominee Indonesian company appointed by Finura Investments and PT PEA, on the same terms as the SHPW SPA
NTA	:	Net tangible assets
OCR	:	Indonesia Outside Central Region
OJK	:	Indonesian Capital Market and Financial Services Authority
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
Original HGB Title Certificates	:	The original SHGB No. 01666/Cibening, SHGB No. 01667/Cibening, SHGB No. 01668/Cibening, SHGB No. 01669/Cibening, SHGB No. 01670/Cibening (collectively expiring on 14 November 2043) and SHGB No. 01050/Cibening (expiring on 27 November 2043)

Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Proxy Form	:	Instrument appointing a proxy or proxies
PT MPU	:	PT Metropolis Propertindo Utama, a limited liability company incorporated in Indonesia, one of the largest property developers in Indonesia by total assets, with total assets of approximately Rp. 20,613 billion as at 30 June 2013
PT PEA	:	PT Purimas Elok Asri, a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of PT MPU
PT SIH	:	PT Siloam International Hospitals Tbk, a limited liability company incorporated in Indonesia and an indirect subsidiary of the Sponsor
REIT	:	Real estate investment trust
Rp.	:	Indonesian Rupiah
Rengganis	:	KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.
S$ and cents	:	Singapore dollars and cents
Securities Account	:	Unitholders' securities accounts with CDP
Securities Act	:	U.S. Securities Act 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
SHLC	:	Siloam Hospitals Lippo Cikarang
SHPW	:	The property, located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia
SHPW Acquisition	:	The proposed acquisition of SHPW from PT PEA
SHPW Acquisition Cost	:	The total cost of the SHPW Acquisition, comprising the SHPW Purchase Consideration, the SHPW Acquisition Fee, as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the SHPW Acquisition, which is approximately S$31.88 million
SHPW Acquisition Fee	:	The acquisition fee which the Manager will be entitled under Clause 14.2.1 of the Trust Deed to receive from First REIT upon completion of the SHPW Acquisition
SHPW Base Rent	:	The annual base rent payable under the SHPW Master Lease
SHPW Gross Operating Revenue	:	Means, with respect to a fiscal year, the gross operating revenue of the tenant derived specifically from the tenant's healthcare and/or healthcare-related business carried on at the property, as audited for such fiscal year. In the event the property is sub-let by the tenant to a sub-tenant, the gross operating revenue shall mean with respect to a fiscal year, the gross operating revenue of the sub-tenant derived specifically from the sub-tenant's healthcare and/or healthcare-related business carried on at the property, as audited for such fiscal year

SHPW Master Lease	:	The master lease granted to PT MPU in relation to SHPW
SHPW Master Lease Agreement	:	The master lease agreement to be entered into between the Indonesian Company (as the master lessor of SHPW) and PT MPU (as the master lessee of SHPW) pursuant to which the SHPW Master Lease was granted to PT MPU
SHPW Purchase Consideration	:	S$31.0 million, including the Tax on Acquisition of Rights in Land and Buildings (Biaya Perolehan Hak Atas Tanah dan Bangunan), being the purchase consideration for SHPW in relation to the SHPW Acquisition
SHPW SPA	:	The conditional sale and purchase agreement that was entered into by Finura Investments with PT PEA pursuant to which Finura Investments proposes to acquire SHPW at the SHPW Purchase Consideration
SHPW Total Rent	:	The sum of the SHPW Base Rent and variable rent in relation to SHPW
Singapore CPI	:	Consumer Price Index of Singapore
Sponsor	:	PT Lippo Karawaci Tbk
sq ft	:	Square foot
sq m	:	Square metres
Substantial Unitholders	:	Persons with an interest in Units constituting not less than 5.0% of the total number of Units in issue, and "**Substantial Unitholder**" means any one of them
Termination Agreement	:	The termination agreement to be entered into between Finura Investments and PT PEA, upon the execution of the New SHPW SPA, to terminate the SHPW SPA
Trust Deed	:	The trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied, or supplemented from time to time
Trustee	:	HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT
Unit	:	A unit representing an undivided interest in First REIT
Unitholder	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "**Unitholder**" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
United States or U.S.	:	United States of America
WAAP	:	Weighted average age of properties
WALE	:	Weighted average lease to expiry
W&R	:	KJPP Willson & Rekan in association with Knight Frank

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

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

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

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

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

DETAILS OF SHPW AND THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. DESCRIPTION OF SHPW

SHPW comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. SHPW is currently undergoing major refurbishment works which were substantially completed in the first quarter of 2014 and is expected to be fully completed in September 2014. Prior to the completion of the SHPW Acquisition, SHPW will commence operations under the "Siloam Hospitals" brand and upon SHPW commencing operations under the "Siloam Hospitals" brand, PT SIH, or its subsidiary, will be the sub-lessee of SHPW. SHPW has a total GFA of about 8,254 sq m and is located at Jalan Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces. SHPW is a Centre of Excellence for emergency and trauma, and is registered to treat patients under the Health Ministry's Social Security Management Agency *(Badan Penyelenggara Jaminan Sosial/BPJS)* Program.

The table below sets out a summary of selected information on SHPW as at 31 December 2013 (unless otherwise indicated).

Address / Location	Jalan Bungursari No. 1, Sub-district Cibening, District Campaka, Purwakarta, West Java, Indonesia
Master title details	The SHGB title certificates below are expiring on 14 November 2043: - SHGB No. 01666/Cibening; - SHGB No. 01667/Cibening; - SHGB No. 01668/Cibening; - SHGB No. 02189/Cibening; and - SHGB No. 01670/Cibening. The remaining SHGB title, SHGB No. 01050/Cibening, is expiring on 27 November 2043.
Description / Existing Use	SHPW comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has an operational capacity of 100 beds, with a maximum capacity of 203 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. SHPW is currently undergoing major refurbishment works which were substantially completed in the first quarter of 2014 and is expected to be fully completed in September 2014. Prior to the completion of the SHPW Acquisition, SHPW will commence operations under the "Siloam Hospitals" brand and upon SHPW commencing operations under the "Siloam Hospitals" brand, PT SIH, or its subsidiary, will be the sub-lessee of SHPW. It is equipped with state-of-the-art medical equipment and has 250 vehicle parking spaces.
Hospital beds (Capacity)	203
Vehicle Parking Spaces	250

Lease Term	15 years, with an option to renew for a further term of 15 years.
Year of building completion	Completed in 2005 (for the three-storey building) and 2008 (for the five-storey building)
Initial base rent per annum	S$3,400,000
GFA	8,254 sq m
Valuation by W&R as at 27 February 2014	S$37,470,000
Valuation by Rengganis as at 21 February 2014	S$37,500,000

2. THE EXISTING PORTFOLIO

The Existing Portfolio of First REIT as at 31 December 2013 comprises: Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, SHLC, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club, located in Indonesia; Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lentor Residence, which are located in Singapore; and Sarang Hospital, which is located in the Republic of South Korea.

2.1 Summary

The table below sets out selected information about the Existing Portfolio (as at 31 December 2013).

Description of the Properties	**GFA (sq m)**	**Lease Terms**	**Maximum no. of Beds / Saleable Rooms (as at 31 December 2013)**	**Appraised Value[1]**	**Gross Revenue[2] (from 1 January 2013 to 31 December 2013) (S$'000)**
Indonesia					
Siloam Hospitals Bali	20,958	15 years with option to renew for 15 years with effect from 13 May 2013	295	S$117.1 million	6,180
Siloam Hospitals TB Simatupang	18,605	15 years with option to renew for 15 years with effect from 22 May 2013	271	S$112.1 million	5,683
Siloam Hospitals Manado & Hotel Aryaduta Manado	36,051	15 years with option to renew for 15 years with effect from 30 November 2012	Siloam Hospitals Manado: 224 Hotel Aryaduta Manado: 200	S$100.2 million	8,399

Description of the Properties	GFA (sq m)	Lease Terms	Maximum no. of Beds / Saleable Rooms (as at 31 December 2013)	Appraised Value[1]	Gross Revenue[2] (from 1 January 2013 to 31 December 2013) (S$'000)
Siloam Hospitals Makassar	14,307	15 years with option to renew for 15 years with effect from 30 November 2012	416	S$70.5 million	5,751
Mochtar Riady Comprehensive Cancer Centre	37,933	15 years with option to renew for 15 years with effect from 30 December 2010	375	S$240.1 million	19,496
SHLC	11,125	15 years with option to renew for 15 years with effect from 31 December 2010	126	S$45.4 million	4,088
Siloam Hospitals Lippo Village	27,284	15 years with option to renew for 15 years with effect from 11 December 2006	250	S$158.2 million	13,663
Siloam Hospitals Kebon Jeruk	18,316	15 years with option to renew for 15 years with effect from 11 December 2006	201	S$90.3 million	7,743
Siloam Hospitals Surabaya	9,227	15 years with option to renew for 15 years with effect from 11 December 2006	160	S$32.6 million	3,062
Imperial Aryaduta Hotel & Country Club	17,427	15 years with option to renew for 15 years with effect from 11 December 2006	197	S$38.7 million	3,756
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	S$10.7 million	1,031
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	S$10.8 million	1,005

Description of the Properties	GFA (sq m)	Lease Terms	Maximum no. of Beds / Saleable Rooms (as at 31 December 2013)	Appraised Value[1]	Gross Revenue[2] (from 1 January 2013 to 31 December 2013) (S$'000)
The Lentor Residence	4,005	10 years with option to renew for 10 years with effect from 8 June 2007	208	S$17.6 million	1,422
Republic of South Korea					
Sarang Hospital	4,982	10 years with option to renew for 10 years with effect from 5 August 2011	217	US$6.3 million	2,001

Notes:

(1) For the properties located in Indonesia, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club and SHLC were appraised by KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. as at 7 November 2013, while the other five Indonesia properties were each appraised by KJPP Willson & Rekan in association with Knight Frank as at 7 November 2013. The properties located in Singapore and the property located in the Republic of South Korea were appraised by CBRE Pte. Ltd. as at 7 November 2013.

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

2.2 Description of the Properties in the Existing Portfolio

2.2.1 Siloam Hospitals Bali

Siloam Hospitals Bali, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali 80361, Indonesia, commenced operations on 17 December 2012. Siloam Hospitals Bali has an operational capacity of 295 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 trauma, medical tourism, intensive care unit, orthopaedic and cardiology.

2.2.2 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 271 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 upcoming South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for trauma, cardiology, oncology and neuroscience.

2.2.3 Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Center and at Jalan Piere Tendean No. 1, Wenang Utara Sub District, Wenang District, Manado – North Sulawesi 95111, Republic of Indonesia, is an 11-storey mixed use development with a basement level, comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which are located on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 224 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 200 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado are situated on the west side of Jalan Sam Ratulangi and on the east side of Jalan Piere Tendean respectively, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. Notable developments in the vicinity of Siloam Hospitals Manado & Hotel Aryaduta Manado include IT Center, Mega Mall Manado and Komandan Korem (Danrem) 131/Santiago (a military office). It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space.

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

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

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

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

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

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

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

2.2.4 Siloam Hospitals Makassar

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

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

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

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

2.2.5 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, 375-bed Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients.

Mochtar Riady Comprehensive Cancer Centre will not only adopt a preventative focus through health screening, but will also be the first facility in Indonesia to offer break-through technologies that are at the forefront of cancer treatment and cancer diagnostics globally. 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 will also provide chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, inhouse clinical trials and integrated IT and PACS/RIS. Mochtar Riady Comprehensive Cancer Centre also hopes to develop training in medical oncology, radiation therapy, cancer imaging and surgical oncology.

2.2.6 Siloam Hospitals Lippo Cikarang

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

In late 2007, an extracorporeal shock wave lithotripsy (ESWL) unit was commissioned to treat patients with kidney stones. SHLC 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 SHLC an ideal hospital in providing Trauma services. SHLC is supported by a 24-hours A&E department and ambulance services with medical evacuation facilities, which includes daytime helicopter evacuation. SHLC also provides general surgery, orthopedic surgery, neurology surgery, plastic surgery, urology surgery, thorax and cardiovascular surgery.

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

2.2.7 Siloam Hospitals Lippo Village

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

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

2.2.8 Siloam Hospitals Kebon Jeruk

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

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

2.2.9 Siloam Hospitals Surabaya

Siloam Hospitals Surabaya is a Centre of Excellence for fertility services, and the hospital successfully performed 1,024 ovum pick ups and also has a 46% pregnancy rate from 961 embryo transfers in 2013.

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

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

2.2.10 Imperial Aryaduta Hotel & Country Club

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

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

2.2.11 Pacific Healthcare Nursing Home @ Bukit Merah

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

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

2.2.12 Pacific Healthcare Nursing Home II @ Bukit Panjang

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

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

2.2.13 The Lentor Residence

The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by First Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2008 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

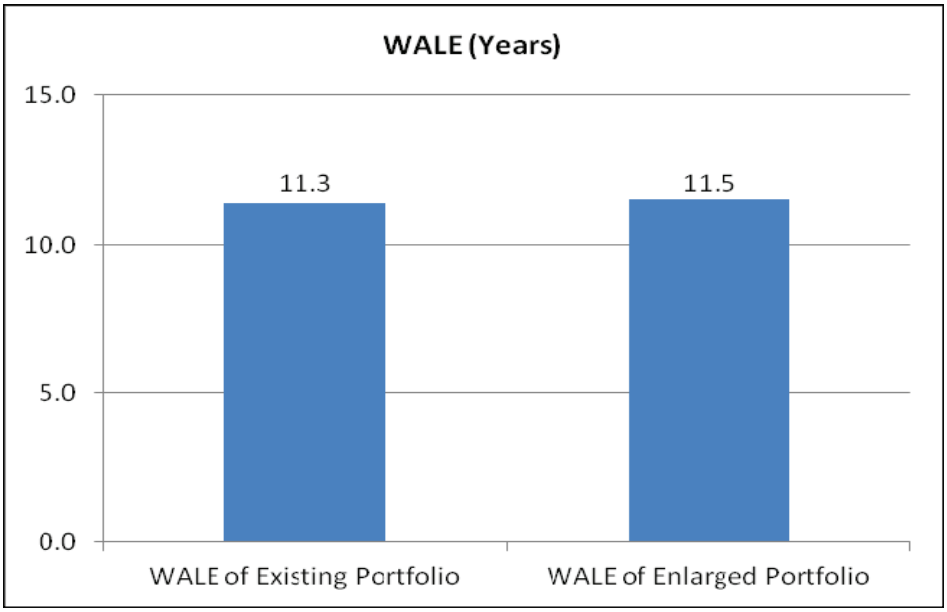
The asset enhancement of an additional storey and a five-storey extension building was completed in February 2013. Lease tenure for the land is for a period of 99 years with effect from 20 August 1938.

2.2.14 Sarang Hospital

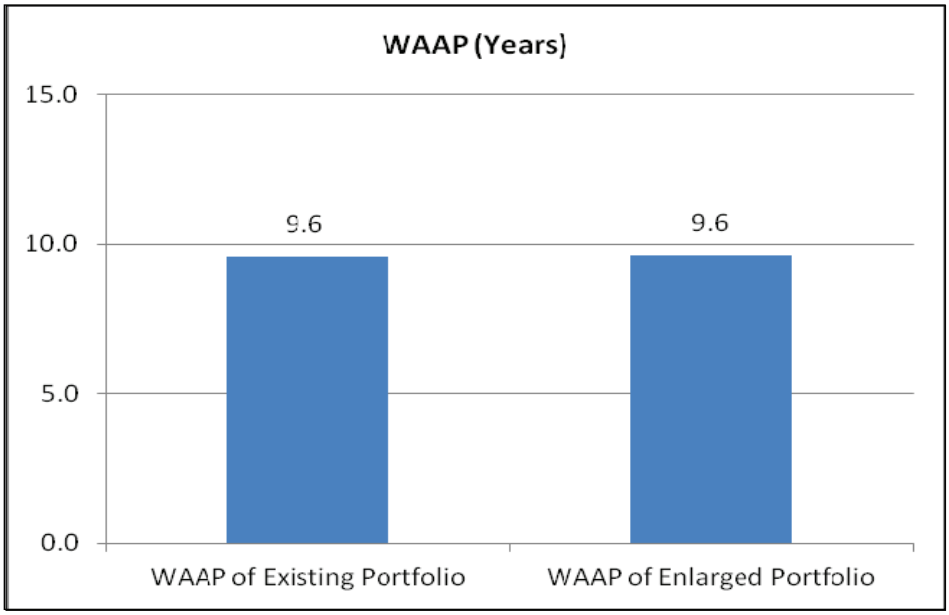
Sarang Hospital comprises a freehold six-storey hospital with one basement. It has a total GFA of 4,982 sq m and is located in Yeosu City, South Korea. It is equipped with rehabilitation facilities and currently operates 34 wards and has 217 beds.

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

The following chart illustrates the weighted average lease to expiry ("**WALE**") profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2013. The WALE will improve from approximately 11.3 years for the Existing Portfolio to approximately 11.5 years for the Enlarged Portfolio.

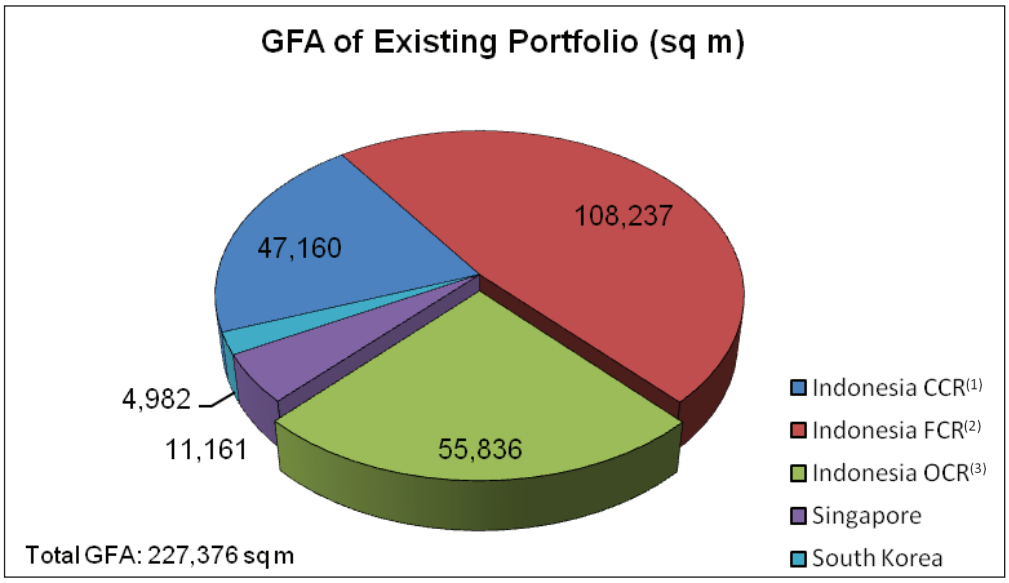


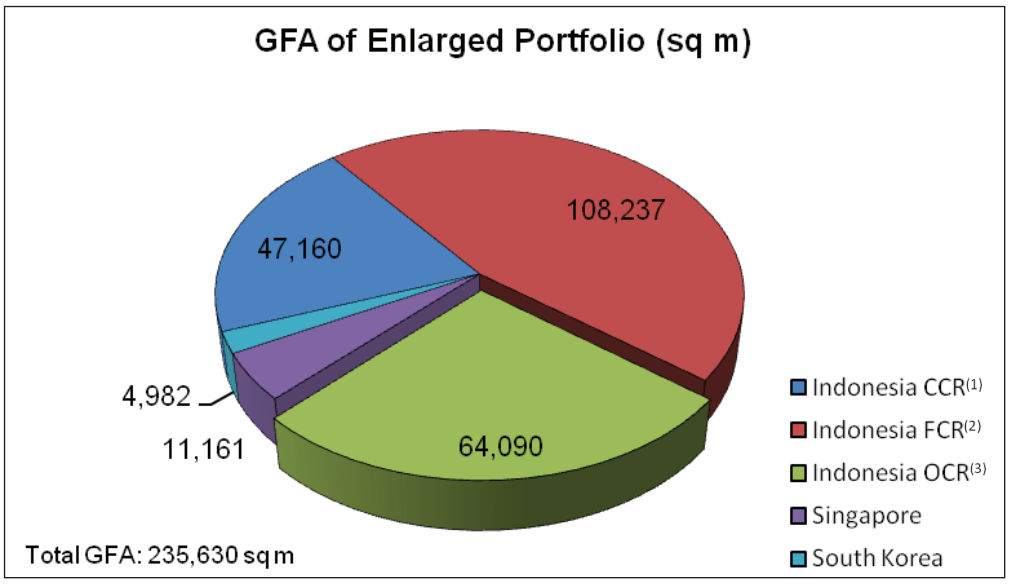
The following chart illustrates the weighted average age of properties ("**WAAP**") profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2013. The WAAP for the Existing Portfolio and the Enlarged Portfolio remains unchanged at 9.6 years.



2.4 Geographical Sector Analysis of the Existing and Enlarged Portfolio

The following charts provide a breakdown by GFA of the different geographical sectors of the Existing Portfolio and Enlarged Portfolio as at 31 December 2013. They are classified as Indonesia Core Central Region ("**CCR**"), Indonesia Fringe Central Region ("**FCR**"), Indonesia Outside Central Region (**"OCR**"), Singapore and South Korea.





Notes:

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

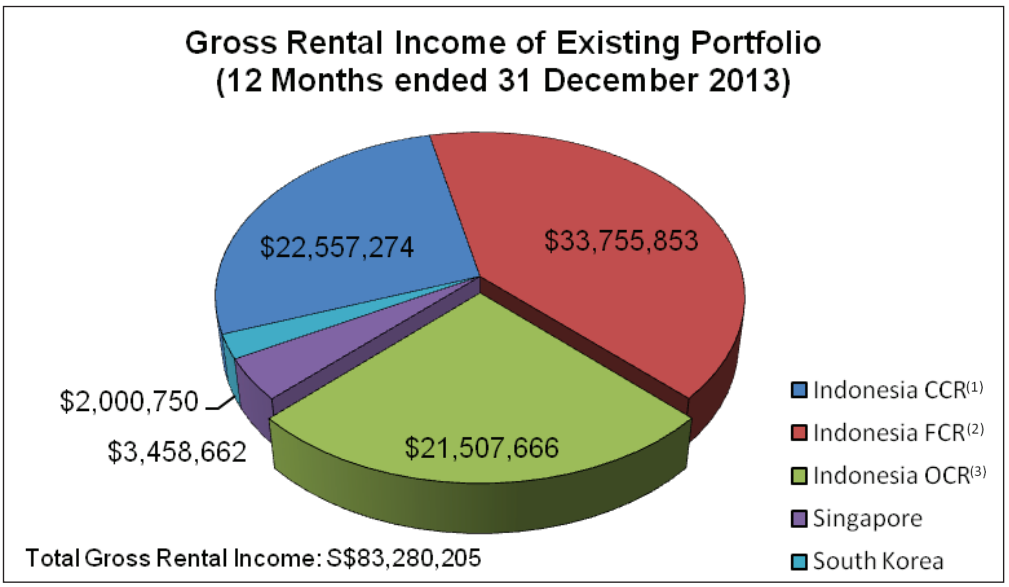
(2) Properties located in the Indonesia FCR are Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar and Siloam Hospitals Kebon Jeruk.

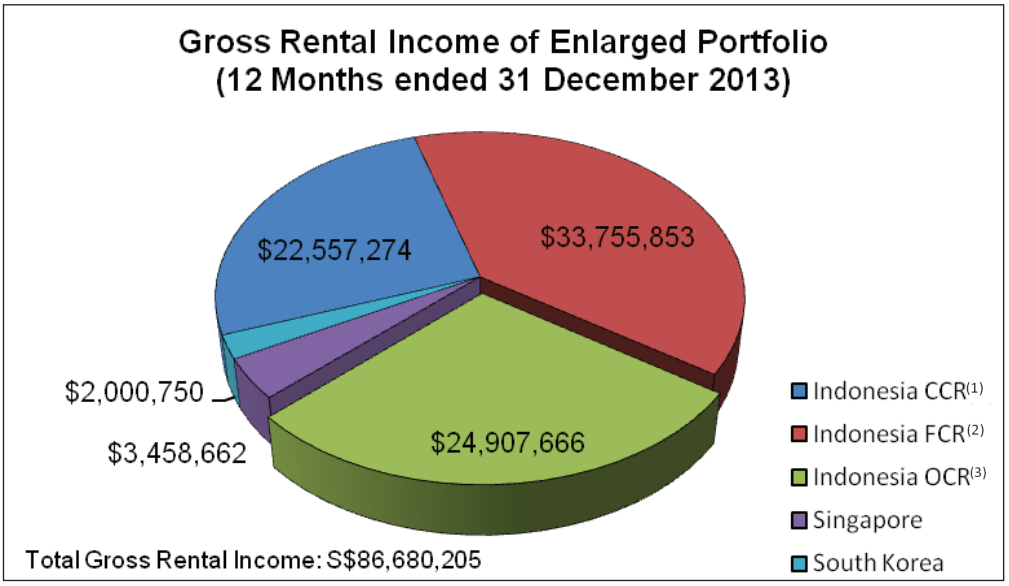
(3) Properties located in the Indonesia OCR are namely Siloam Hospitals Purwakarta, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club.

The GFA of the Enlarged Portfolio increased by 3.6% from 227,376 sq m to 235,630 sq m after the SHPW Acquisition.

The following charts provide a breakdown by Gross Rental Income for the Existing Portfolio and the Enlarged Portfolio by geographical location for the financial year ended 31 December 2013**.**

The Enlarged Portfolio's gross rental income from the Indonesia OCR will be S$24,907,666 compared to S$21,507,666 for the Existing Portfolio. This is an increase of 15.8%.





Notes:

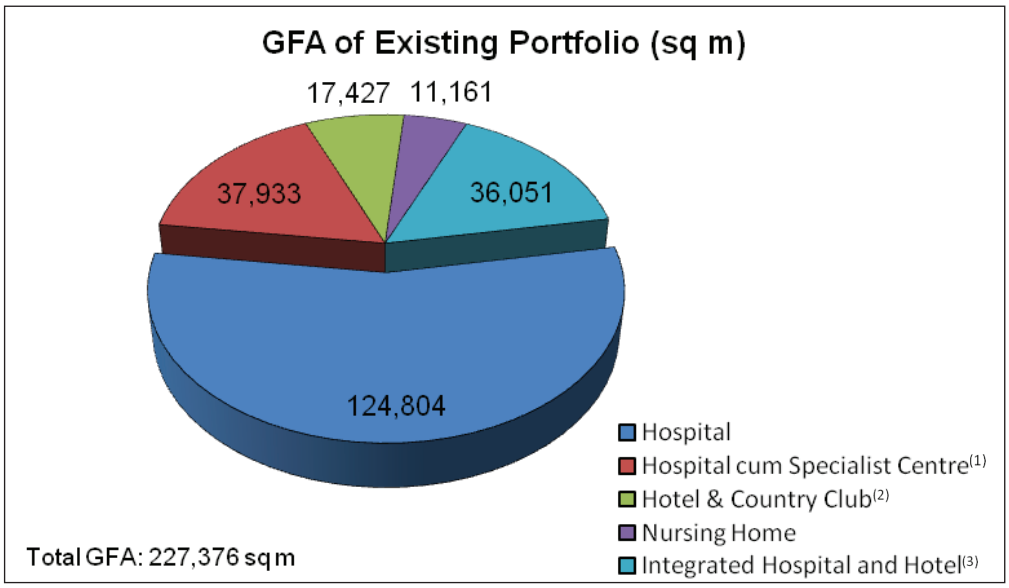
(1) Properties located in the Indonesia CCR are Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Surabaya.

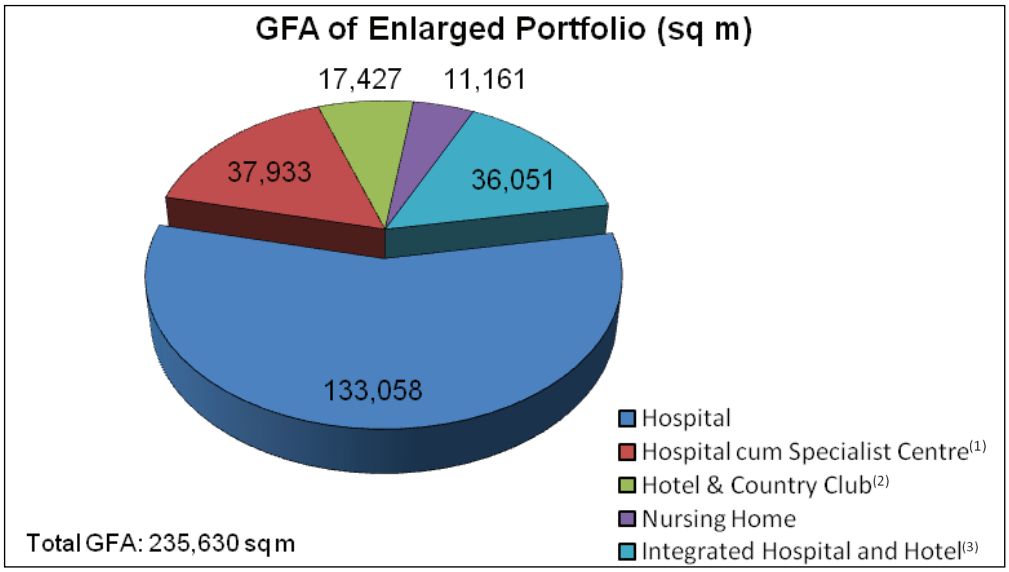
(2) Properties located in the Indonesia FCR are Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar and Siloam Hospitals Kebon Jeruk.

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

2.5 Asset Classification Analysis of the Existing and Enlarged Portfolio

The following charts provide a breakdown by GFA of the different asset classification of the Existing Portfolio and Enlarged Portfolio as at 31 December 2013.



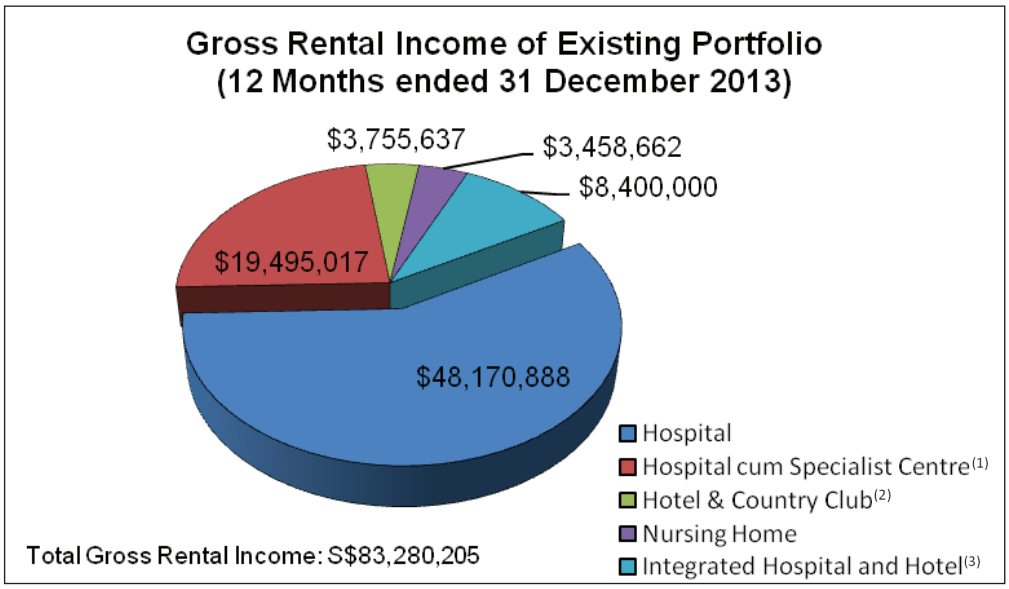


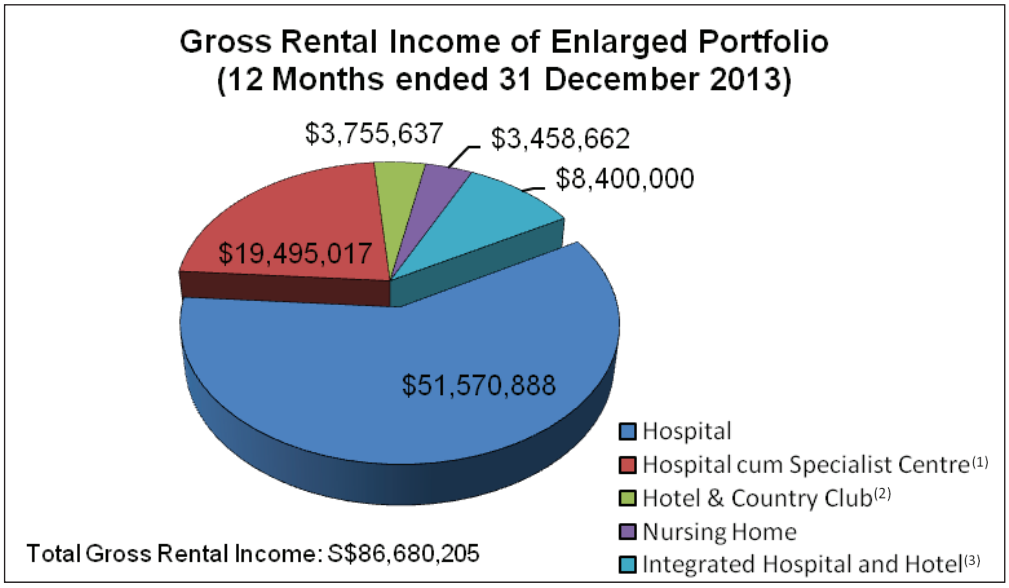
Notes:

(1) Mochtar Riady Comprehensive Cancer Centre is classified as Hospital cum Specialist Centre.
(2) Imperial Aryaduta Hotel & Country Club is classified as Hotel & Country Club.
(3) Siloam Hospitals Manado & Hotel Aryaduta Manado is classified as Integrated Hospital and Hotel.

The GFA of the Hospital asset classification in the Enlarged Portfolio increased by 6.6% from 124,804 sq m to 133,058 sq m after the SHPW Acquisition.

The following charts provide a breakdown by Gross Rental Income for the Existing Portfolio and the Enlarged Portfolio by asset classification for the financial year ended 31 December 2013.





Notes:

(1) Mochtar Riady Comprehensive Cancer Centre is classified as Hospital cum Specialist Centre.
(2) Imperial Aryaduta Hotel & Country Club is classified as Hotel & Country Club.
(3) Siloam Hospitals Manado & Hotel Aryaduta Manado is classified as Integrated Hospital and Hotel.

The Enlarged Portfolio's gross rental income from the Hospital asset classification will be S$51,570,888 compared to S$48,170,888 for the Existing Portfolio. This is an increase of 7.1%.

VALUATION SUMMARY REPORTS

WILLSON & REKAN in association with Knight Frank

Letter No: 083/W&R-Letter/III/2014
Page 1.

3 March 2014

To:
HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

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

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

Attention: Mr. Victor Tan, Chief Financial Officer.

RE: VALUATION OF SILOAM HOSPITALS PURWAKARTA, INDONESIA.

Dear Madam and Sir,

Pursuant to the Valuation Proposal No.232B/W&R-Proposal/XI/2013 dated 11 November 2013, Bowsprit Capital Corporation Limited has instructed KJPP Willson dan Rekan in association with Knight Frank to conduct an independent property valuation of Siloam Hospitals Purwakarta ("SHPW" / "the Subject Property") based on a proposed lease arrangement of the hospital's land and building with PT Metropolis Propertindo Utama (the "Lessee") and PT Siloam International Hospitals Tbk (the "Sub-Lessee") that is stipulated in Project Kesehatan IV Proposed Term Sheet dated 27 February 2014 (the "Term Sheet").

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

Siloam Hospitals Purwakarta comprises a 3-storey hospital building and a 5-storey hospital building adjoined to each other. It has 100 operational beds (with a maximum capacity of 203 beds), and is located at Jalan Bungursari No.1, Purwakarta Regency, West Java Province, Indonesia. The hospital has a land area of 7,990 square meters and a gross building floor area of 8,254 square meters. The hospital will officially commence operations under the brand of Siloam Hospitals prior to the proposed acquisition of the Subject Property by First REIT.

The basis of this valuation is Market Value, which is defined as "the estimated amount for which an asset or a 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" that makes references to the Indonesian Valuation Standards (Standar Penilaian Indonesia) 2013. Our valuers who conduct this valuation are abiding to the Indonesian Valuers Code of Ethics (Kode Etik Penilai Indonesia/KEPI).

Market Value is consistent with Fair Value measurement as defined in the current Singapore Financial Reporting Standard FRS 113.

Continue to page 2...

Kantor Jasa Penilai Publik (KJPP) Willson dan Rekan
Jasa Penilaian Properti (Izin Usaha No. : 2.09.0049)
Wisma Nugra Santana # 17-08, Jl. Jend. Sudirman Kav. 7-8, Jakarta 10220, Indonesia
T +62 (21) 570 7170 F +62 (21) 570 7177

KnightFrank.co.id

Newmark Knight Frank Global

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

The Market Value of Siloam Hospitals Purwakarta as at 27 February 2014 subject to the execution and signing of the Master Lease Agreement with terms and condition as stipulated in the Term Sheet and subject to our disclaimer, limiting conditions, assumptions, and comments to be detailed in our full valuation report is

S$37,470,000.
(Singapore Dollars Thirty Seven Million Four Hundred Seventy Thousand Only)

The above amount is equivalent to Indonesian Rupiahs 355,965,000,000.- at the exchange rate of S$1 = Rp. 9,500.

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

KJPP Willson dan Rekan
in association with Knight Frank

KJPP Willson & Rekan

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

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

To : HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Our Ref. : RHP-Ct/1-P/I/2013-195
Date : 6 March 2014
No. Report : RHR00R1P031400231

VALUATION OF
FINANCIAL INTEREST IN SILOAM HOSPITALS PURWAKARTA
JALAN BUNGURSARI 1,
CIBENING VILLAGE, BUNGURSARI DISTRICT, PURWAKARTA REGENCY,
WEST JAVA PROVINCE, INDONESIA

Dear Sir/Madam,

Following instruction of HSBC Institutional Trust Services (Singapore) Limited ("**HSBC**") as Trustee of First Real Estate Investment Trust ("**First REIT**") ("**the Client**") under contract No. RHR-Ct/1-P/VII/2013-195 dated 14 November 2013 to advise on the Market Value of Financial Interest in land and building components of Siloam Hospitals Purwakarta ("**SHPW or subject property**") which is bounded under a Master Lease Agreement, located on Jalan Raya Bungursari no. 1, Cibening Village, Bungursari District, Purwakarta Regency, West Java Province, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the formal valuation report for your consideration.

This assignment has been carried out by KJPP Rengganis, Hamid & Partners-KJPP RHP (previously PT Heburinas Nusantara) an independent assessment firm registered in Indonesian Appraisers Society (Masyarakat Profesi Penilai Indonesia). Effective on 1 March 2011, KJPP-RHP has established a strategic alliance with a global property services company, CBRE. KJPP-RHP is provided with a business permit from the Ministry of Finance and registered in OJK "Otoritas Jasa Keuangan" previously Bapepam-LK (Securities Exchange Commision "SEC"). Partners of KJPP-RHP have been registered in the Ministry of Finance and OJK.

KJPP-RHP has established a strategic alliance with CBRE, the world's premier, full service real estate services company listed in New York Stock Exchange.

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

Basis of Valuation

The Indonesian Valuation Standard *(Standar Penilaian Indonesia)* 2013 defined Market Value and Financial Interest as follows:

Market Value

"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion ". (SPI 101-3.1)

Financial Interest

"Financial Interest in property legally is derived from the division of ownership in the business entities and real property (e.g. alliance/partnership, syndicate, BOT, lease/co-Tenancies, joint venture), and granting contractual opinion rights to buy or sell property (for example land and buildings, shares or other financial instruments) at a stated price within a specific period, or derived from the establishment of investment instruments that are secured by a bunch of real estate assets."(KPUP 5.1)

We have valued the property in Singapore Dollar currency since the transaction is in Singapore Dollar. However, the operating asset generates income in Rupiah as the basis for variable rent calculation converted into Singapore Dollar by using fixed exchange rate of SGD1= Rp9,500/- as stated in the Proposed Term Sheet dated 27 February 2014. For your information, the exchange rate at the date of valuation, 21 February 2014, is SGD1= Rp 9,711.62/- (middle rate).

Assumption of Valuation

1. The title of the subject property is assumed to be good marketable title and free and clear from all liens and encumbrances, easements, restriction, or limitation. We did not make any land measurement and we assumed that the land drawing contained in the land certificates and/or provided by the Company is true and accurate.
2. The value stated in this report is restricted to the purpose of this valuation and cannot be used for other valuation purpose, which can be mistakenly quoted
3. We have not investigated the title or any liabilities affecting the property appraised. No consideration was made for any outstanding amount owed financing agreements, if any.
4. We have valued the financial interest since the value is depending on the potential rental as stated in Master Lease Agreement. In this valuation we have assumed that the Lessee will fulfil their liabilities until the end of contract.
5. As instructed by the client, we have assumed that the land and building will be renovated to a Siloam Hospital standard and we noted that the capital expenditure will be charged to the previous Lessee.
6. The terms, conditions, comments and details are as stated in this valuation certificate.

Approach of Valuation

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

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

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

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

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

Source of Information

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

Confidentially and Disclaimers

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

We hereby enclose our valuation certificate.

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

KJPP Rengganis, Hamid & Rekan

Ir. Rengganis Kartomo, MSc. MAPPI (Cert)
Managing Partner
Licensed Valuer No. PB-1.08.0006
MAPPI No. 95-S-00632
STTD Bapepam No. 19/BL/STTD-P/AB/2006

KJPP Rengganis, Hamid & Rekan
Property - Business Valuation & Advisory Services

VALUATION CERTIFICATE

Property	Description	Market Value as of 21 February 2014
Property Brief The subject property is financial interest in land and building components of Siloam Hospitals Purwakarta (SHPW) which is bounded under a master lease agreement. **Location** SHPW is located on Jalan Raya Bungursari No. 1, Cibening Village, Bungursari District, Purwakarta Regency, West Java Province, Indonesia, or within a radius of: • Approximately 5.1 kilometers to the northeast of Sadang Toll Exit; • Approximately 5.3 kilometers to the south of Cikampek Toll Exit; • Approximately 9.1 kilometers to the north of Alun-alun Purwakarta or Purwakarta Central Government Office.	**Site Detail and Tenure** The site is irregular in shape with an area of about 7,990 square meters. It is generally flat and much higher than the fronting road. Based on the photocopy of the land title document provided by the Client, we understand that SHPW is covered with 6 (six) Leasehold Certificate (Sertipikat Hak Guna Bangunan Certificate – "SHGB") registered under the name of PT Purimas Elok Asri. **Building Description** SHPW is a 3-storey hospital building and 5-storey hospital building adjoined to each other. It currently has 100 operational beds, with a maximum capacity of 203 beds. SHPW will commence operations under the brand of Siloam Hospitals prior to the proposed acquisition of the subject property by First REIT. The total gross floor area is about 8,254 square meters.	**SGD 37,500,000/-** **(THIRTY SEVEN MILLION FIVE HUNDRED THOUSAND SINGAPORE DOLLARS)**