

CIRCULAR DATED 9 DECEMBER 2016

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 9 December 2016 (“**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:

THE PROPOSED ACQUISITION AND MASTER LEASE OF SILOAM HOSPITALS LABUAN BAJO WHICH CONSTITUTE INTERESTED PERSON TRANSACTIONS

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



IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	: Sunday, 25 December 2016 at 2.00 p.m.
Date and time of Extraordinary General Meeting	: Wednesday, 28 December 2016 at 2.00 p.m.
Place of Extraordinary General Meeting	: Mandarin Ballroom I 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 #13-02 HSBC Building Singapore 049320
Legal Adviser for the SHLB Acquisition and the SHLB 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 SHLB Acquisition and the SHLB 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	: Baker & McKenzie Wong & Leow 8 Marina Boulevard, #05-01 Marina Bay Financial Centre Tower 1 Singapore 018981
Independent Financial Adviser to the Independent Directors of the Manager and to the Trustee in relation to the SHLB Acquisition and SHLB Master Lease	: Stirling Coleman Capital Limited 4 Shenton Way #07-03 SGX Centre 2 Singapore 068807
Independent Singapore Tax Adviser	: Ernst & Young 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”)	<p>: 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 Trustee)</p> <p>KJPP Rinaldi, Alberth, Baroto & Partners Graha Binakarsa, 4th floor Jl. HR Rasuna Said Kav. C-18 Jakarta Selatan 12940, Indonesia (appointed by the Manager)</p>
Independent Healthcare Research Consultant for the Indonesia Healthcare Market Review Report (the “Independent Healthcare Research Consultant”)	<p>: Frost & Sullivan (S) Pte Ltd 100 Beach Road #29-01/11 Shaw Tower Singapore 189702</p>
Unit Registrar and Unit Transfer Office	<p>: Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623</p>

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 35 of this Circular.

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

ABOUT FIRST REIT

Listed on the SGX-ST on 11 December 2006, First REIT's investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes¹. As at 30 September 2016, First REIT's existing portfolio comprises 17 properties comprising 13 located in Indonesia, three in Singapore and one in South Korea, and has a combined gross floor area ("**GFA**") of 306,707 square metres ("**sq m**") and valuation of S\$1.27 billion².

SUMMARY OF APPROVAL SOUGHT

In furtherance of First REIT's investment policy, the Manager is seeking the approval of unitholders of First REIT ("**Unitholders**") by Ordinary Resolution³ for the proposed acquisition of Siloam Hospitals Labuan Bajo ("**SHLB**") and the proposed acquisition of SHLB, the "**SHLB Acquisition**") from PT Pancuran Intan Makmur (the "**Vendor**"), as well as the proposed master lease of SHLB (the "**SHLB Master Lease**") to PT Lippo Karawaci Tbk, the sponsor of First REIT (the "**Sponsor**") and PT Lintas Buana Jaya ("**Siloam Lessee**", together with the Sponsor, the "**Master Lessees**"), a wholly-owned subsidiary of PT Siloam International Hospitals Tbk ("**Siloam**"). The Vendor is an indirect wholly-owned subsidiary of the Sponsor. Siloam is listed on the Indonesia Stock Exchange and as at 30 September 2016, the Sponsor holds approximately 61.8% of Siloam.

RESOLUTION: THE SHLB ACQUISITION AND SHLB MASTER LEASE

Overview

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, First REIT is seeking to acquire SHLB for a purchase consideration of Rp.188.00 billion (S\$20.00 million)⁴, including the applicable land and building acquisition tax (*Bea*

- 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 On 3 February 2016, Icon1 Holdings Pte. Ltd., a wholly-owned subsidiary of First REIT, entered into a conditional sale and purchase agreement in connection with the proposed joint acquisition with Lippo Malls Indonesia Retail Trust, of an integrated development (the "**Yogyakarta Property**") comprising a hospital component known as Siloam Hospitals Yogyakarta and a retail mall component known as Lippo Plaza Jogja (the "**Joint Acquisition**"), and the Manager intends to seek the separate approval of Unitholders for the Joint Acquisition as soon as practicable (see First REIT's announcements made on 3 February 2016 and 15 June 2016 for further details). For the avoidance of doubt, all information in this Circular in relation to the Existing Portfolio of First REIT does not include the Yogyakarta Property.
- 3 "**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**").
- 4 Based on an illustrative rupiah exchange rate of S\$1.00 to Rp.9,400 as at 7 November 2016 (the "**Illustrative Rupiah Exchange Rate**"). Unless otherwise stated, all conversions of Rp. amounts into S\$ in this Circular shall be based on the Illustrative Rupiah Exchange Rate and unless otherwise stated, all amounts in Rp. and S\$ in this Circular shall, where such amount exceeds one million, be rounded to one decimal number.

Perolehan Hak atas Tanah dan Bangunan) (“**BPHTB**”, and collectively, the “**SHLB Total Consideration**”)¹ from the Vendor, which directly wholly-owns SHLB and is an indirect wholly-owned subsidiary of the Sponsor. For purposes of the SHLB Acquisition, First REIT has incorporated SHLB Investment I Pte. Ltd., a wholly-owned subsidiary incorporated in Singapore (“**SHLB I**”), for a nominal consideration of S\$1.00. SHLB I in turn incorporated SHLB Investment II Pte. Ltd., a wholly-owned subsidiary incorporated in Singapore (“**SHLB II**”), for a nominal consideration of S\$1.00. SHLB I and SHLB II respectively own 75.0% and 25.0% of the issued share capital of PT Prima Labuan Bajo, a limited liability company incorporated in Indonesia (“**PT PLB**”). On 7 November 2016, PT PLB entered into a conditional sale and purchase agreement with the Vendor (the “**SHLB CSPA**”) pursuant to which PT PLB proposes to acquire SHLB at the SHLB Total Consideration.

First REIT will, upon acquiring SHLB, indirectly hold SHLB through PT PLB under one “Right to Build” (*Hak Guna Bangunan* or “**HGB**”) title certificate which will expire on 11 May 2045.

Description of SHLB

SHLB, which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a newly built three-storey hospital with a maximum capacity of 153 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m. SHLB is a Centre of Excellence² for Emergency Medicine, Internal Medicine and Neuroscience.

Acquisition Cost

The total cost of the SHLB Acquisition, comprising the SHLB Total Consideration of S\$20.00 million, the acquisition fee of S\$200,000 in relation to the SHLB Acquisition payable to the Manager pursuant to the Trust Deed (the “**SHLB Acquisition Fee**”)³ which is payable in the form of units of First REIT (“**Units**”), as well as the professional and other fees and expenses of approximately S\$552,000 in connection with the SHLB Acquisition, is estimated to be approximately S\$20.75 million (the “**SHLB Acquisition Cost**”).

Valuation

The Independent Valuers, KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd. (“**Rengganis**”) and KJPP Rinaldi, Alberth, Baroto & Partners (“**Alberth**”), were appointed by HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the “**Trustee**”), and the Manager respectively to value SHLB.

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

Appraised Value		SHLB Total Consideration (\$ million)
By Rengganis as at 19 October 2016 (\$ million)	By Alberth as at 19 October 2016 (\$ million)	
20.50	20.58	20.00

The SHLB Total Consideration represents a discount of 2.82% to the higher of the two independent valuations of SHLB and a discount of 2.63% to S\$20.54 million, which is the average of the two independent valuations of SHLB.

(See paragraph 2.4 of the Letter to Unitholders for further details on the valuation of SHLB.)

- 1 The SHLB Total Consideration is inclusive of the applicable BPHTB and exclusive of the value-added tax (“**VAT**”) to be paid to the relevant tax office by PT PLB.
- 2 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.
- 3 As the SHLB Acquisition will constitute an Interested Party Transaction (as defined herein) under Appendix 6 of the Code on Collective Investment Schemes (the “**CIS Code**” and Appendix 6 of the CIS Code, the “**Property Funds Appendix**”) issued by the Monetary Authority of Singapore (the “**MAS**”), the SHLB Acquisition Fee payable to the Manager will be in form of Units (the “**SHLB Acquisition Fee Units**”), which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix.

SHLB Master Lease

On or about the date of the completion of the SHLB Acquisition, PT PLB (as master lessor of SHLB) will enter into a master lease agreement (the “**SHLB Master Lease Agreement**”) with the Master Lessees pursuant to which PT PLB will grant the SHLB Master Lease to the Master Lessees for a lease term of 15 years, commencing from the date of completion of the SHLB Acquisition with an option to renew for a further term of 15 years exercisable at the option of the Master Lessees.

(See paragraph 2.12 of the Letter to Unitholders for further details on the terms of the SHLB Master Lease.)

Method of Financing the SHLB Acquisition

The SHLB Total Consideration will be paid in cash on the date of completion of the SHLB Acquisition. The cash portion of the SHLB Acquisition Cost is expected to be financed via a combination of a drawdown from First REIT’s committed debt facilities and internal cash. The final decision regarding the method of financing to be employed will be made by the Manager at the appropriate time taking into account the relevant market conditions.

(See paragraph 2.9 of the Letter to Unitholders for further details.)

RATIONALE FOR THE SHLB ACQUISITION AND SHLB MASTER LEASE

The Manager believes that the SHLB Acquisition and SHLB Master Lease will bring, among others, the following key benefits to Unitholders:

- (i) opportunity to purchase an attractive and high quality property in a new locality of Labuan Bajo, West Manggarai Regency, East Nusa Tenggara Province, Indonesia at a price below valuation;
- (ii) increased income stability of First REIT through the SHLB Master Lease with a term of 15 years and an increase in First REIT’s weighted average lease to expiry (“**WALE**”);
- (iii) increased absolute size of First REIT’s asset base which will raise the profile of First REIT among global investors and increased portfolio size in terms of lettable floor area, property income and number of beds enhances First REIT’s competitive positioning and ability to pursue future acquisitions;
- (iv) the SHLB Acquisition would enable First REIT to grow through the acquisition of a hospital which enhances the diversification of First REIT’s portfolio across locations and medical specialisations; and
- (v) increase in attractiveness of the Enlarged Portfolio¹ given the reduction in the weighted average age of the properties in the Enlarged Portfolio as SHLB is newly built.

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

1 “**Enlarged Portfolio**” consists of SHLB and the Existing Portfolio (as defined herein).

INTERESTED PERSON TRANSACTION¹ AND INTERESTED PARTY TRANSACTION²

As at 1 December 2016, 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) 33.11% in First REIT and (ii) 100.0% in the Manager, and is therefore regarded as a **“Controlling Unitholder”**³ of First REIT and a **“Controlling Shareholder”**⁴ of the Manager, respectively, under both the Listing Manual of the SGX-ST (the **“Listing Manual”**) and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Vendor, being an indirect wholly-owned subsidiary of the Sponsor, and the Siloam Lessee, being an indirect subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person⁵ and Interested Party⁶ of First REIT.

As such, the SHLB Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. The SHLB Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders’ approval is required.

Accordingly, the approval of Unitholders is sought for the SHLB Acquisition and the SHLB Master Lease.

(See paragraph 4 of the Letter to Unitholders for further details.)

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHLB ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHLB MASTER LEASE.

PRO FORMA FINANCIAL INFORMATION

Pro Forma Financial Effects of the SHLB Acquisition

The pro forma financial effects of the SHLB Acquisition presented below are strictly for illustrative purposes only and were prepared based on:

- (i) the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2015 (**“FY2015”**), and the audited consolidated financial statements of First REIT and its subsidiaries for FY2015, the **“FY2015 Audited Consolidated Financial Statements”**); and

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

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

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

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

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

- (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company; or
- (b) in fact exercises control over a company.

5 **“Interested Person”** means:

- (a) In the case of a company, “interested person” means:
 - (i) a director, chief executive officer, or controlling shareholder of the issuer; or
 - (ii) an associate of any such director, chief executive officer, or controlling shareholder; and
- (b) in the case of a REIT, shall have the meaning defined in the Code on Collective Investment Schemes issued by the MAS.

6 **“Interested Party”** 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.

- (ii) the unaudited consolidated financial statements of First REIT and its subsidiaries for the nine months ended 30 September 2016 (“**9M2016**” and the unaudited consolidated financial statements of First REIT and its subsidiaries for 9M2016, the “**9M2016 Unaudited Consolidated Financial Statements**”),

and on the assumptions set out at paragraph 5.1 of the Letter to Unitholders.

FY2015

The pro forma financial effects of the SHLB Acquisition on (i) the DPU for FY2015, as if First REIT had purchased SHLB on 1 January 2015, and held and operated SHLB through to 31 December 2015, and (ii) the net asset value (“**NAV**”) per Unit as at 31 December 2015, as if First REIT had purchased SHLB on 31 December 2015, are as follows:

	Effects of the SHLB Acquisition	
	Before the SHLB Acquisition⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	61,923	62,499
DPU (cents) ⁽²⁾	8.30	8.33
NAV per Unit (cents) ⁽³⁾	103.88	103.86 ⁽³⁾

Notes:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 8,556,449 Units issued from 1 January 2016 to the date preceding the date of this Circular as well as the 11,538,461 Units issued to the vendor of Siloam Hospitals Kupang on 14 December 2015 as part consideration as the vendor has waived its rights to be entitled to participate in the distributable income accrued by First REIT from the date of issuance of such Units to 31 December 2015.
- (3) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

9M2016

The pro forma financial effects of the SHLB Acquisition on (i) the DPU for 9M2016, as if First REIT had purchased SHLB on 1 January 2016, and held and operated SHLB through to 30 September 2016, and (ii) the NAV per Unit as at 30 September 2016, as if First REIT had purchased SHLB on 30 September 2016, are as follows:

	Effects of the SHLB Acquisition	
	Before the SHLB Acquisition⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	48,778	49,210
DPU (cents)	6.34	6.39
NAV per Unit (cents) ⁽²⁾	102.93	102.91 ⁽²⁾

Notes:

- (1) Based on the 9M2016 Unaudited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

(See paragraph 5 of the Letter to Unitholders for further details and assumptions on the pro forma financial effects of the SHLB Acquisition.)

INDICATIVE TIMETABLE

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

Event	Date and Time
Last date and time for lodgement of Proxy Forms	: Sunday, 25 December 2016 at 2.00 p.m.
Date and time of the EGM	: Wednesday, 28 December 2016 at 2.00 p.m.
If approval for the SHLB Acquisition and SHLB Master Lease is obtained at the EGM:	
Target date for completion of the SHLB Acquisition	: Expected to be by Tuesday, 31 January 2017 (or such other date as may be agreed between the Trustee and the Vendor)



(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

9 December 2016

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVAL 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 the extraordinary general meeting of Unitholders to be held on Wednesday, 28 December 2016, at 2.00 p.m. (the "**EGM**") for the SHLB Acquisition and SHLB Master Lease.

2. THE PROPOSED SHLB ACQUISITION AND SHLB MASTER LEASE

2.1 Description of the Property SHLB

SHLB, which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a newly built three-storey hospital with a maximum capacity of 153 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m¹. SHLB is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience. Some of the medical facilities available at SHLB include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

SHLB is erected on land with a total land area of 2,837 sq m as specified in Right-to-Build Certificate No. 00029/Desa Gorontalo.

(See **APPENDIX A** of this Circular which provides further details about SHLB.)

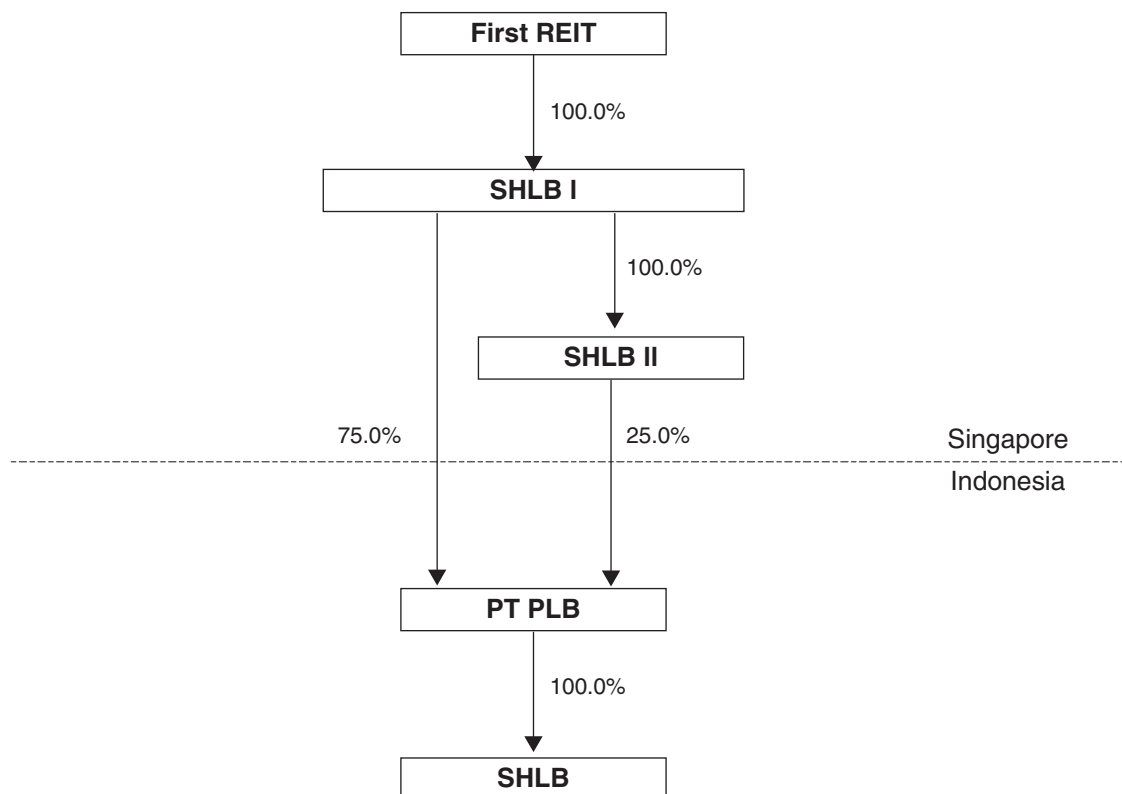
2.2 Structure of the SHLB Acquisition

First REIT is seeking to acquire SHLB for the SHLB Total Consideration of Rp.188.00 billion (S\$20.00 million) from the Vendor, which directly wholly-owns SHLB and is an indirect wholly-owned subsidiary of the Sponsor. For purposes of the SHLB Acquisition, First REIT has incorporated

¹ Vehicle access road and open air parking for SHLB is available on the adjacent land which is owned by the Sponsor. Pursuant to the SHLB CSPA, for so long as PT PLB is the owner of SHLB, the Vendor will, among others, provide and guarantee the availability of the access road and parking lot on the adjacent land owned by the Sponsor for visitors to SHLB and the operations of SHLB and the normal and reasonable function of such access road and parking lot to be used by the visitors to SHLB and the operations of SHLB without any substantial obstacle and/or disruption and will not conduct any action or enter into any agreement or arrangement with any party that may limit or restrict the availability of such access and parking lot to visitors to SHLB and for the operations of SHLB.

SHLB I, a wholly-owned subsidiary incorporated in Singapore, for a nominal consideration of S\$1.00. SHLB I in turn incorporated SHLB II, a wholly-owned subsidiary incorporated in Singapore, for a nominal consideration of S\$1.00. SHLB I and SHLB II respectively own 75.0% and 25.0% of the issued share capital of PT PLB, a limited liability company incorporated in Indonesia. First REIT, through PT PLB, has on 7 November 2016 entered into the SHLB CSPA pursuant to which PT PLB proposes to acquire SHLB at the SHLB Total Consideration. Under Indonesian law, First REIT would not be considered a legal entity, and therefore it may not directly own land in Indonesia or shares in an Indonesian limited liability company. In addition, pursuant to Indonesian Company Law, an Indonesian limited liability company must be owned by at least two entities. Upon completion of the SHLB Acquisition, First REIT will indirectly hold SHLB through PT PLB under one HGB title certificate which will expire on 11 May 2045. (See paragraph 2.11 of the Letter to Unitholders for further details on the HGB title.)

The following chart sets out the structure under which SHLB will be held by First REIT upon completion of the SHLB Acquisition:



2.3 Conditions Precedent and Subsequent for the Completion of the SHLB Acquisition

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

- 2.3.1 there being no compulsory acquisition of SHLB or any part of it, and no notice of an intended compulsory acquisition has been given, or is anticipated by the government or other competent authority;
- 2.3.2 there having been no breach of the representations, warranties, covenants and/or undertakings provided in the Transaction Documents (as defined in the SHLB CSPA) which, in the reasonable opinion of PT PLB, will or is likely to, among others, have an adverse effect on SHLB and/or affect or impair the effectiveness, legality, validity and/or enforceability of the sale and transfer of SHLB from the Vendor to PT PLB free of any encumbrances in accordance with the Transaction Documents;
- 2.3.3 the licences, authorisations, orders, consents and other approvals necessary for or in respect of the preparation, execution and implementation of the Transaction Documents have been obtained from the relevant parties and remain in full force and effect;

- 2.3.4 no law, statute, regulation or decision which would prohibit, restrict or materially delay or adversely affect the transactions contemplated in the Transaction Documents including the sale and purchase of SHLB having been proposed, enacted or taken by any governmental or official authority;
- 2.3.5 the receipt by the Trustee and PT PLB of certain legal opinions (in form or substance satisfactory to the Trustee) from the Vendor's legal counsel in relation to (i) the due incorporation and capacity of the Vendor and PT Wisma Jatim Propertindo ("**PT WJP**"), the party to the Deed of Indemnity and a wholly-owned subsidiary of the Sponsor, and (ii) the enforceability of the Transaction Documents (as defined in the SHLB CSPA);
- 2.3.6 the entry into the Deed of Indemnity (as defined herein) and the SHLB Master Lease Agreement;
- 2.3.7 First REIT securing sufficient financing to undertake the SHLB Acquisition and the agreements for such financing not having been terminated and being unconditional in all respects;
- 2.3.8 the approval by Unitholders to be given at an EGM for the SHLB Acquisition and the SHLB Master Lease;
- 2.3.9 the obtainment of all third party and corporate approvals by each of the Sponsor, the Vendor and PT WJP;
- 2.3.10 the obtainment of other approvals (if required) including those of the Monetary Authority of Singapore and Singapore Exchange Securities Trading Limited;
- 2.3.11 PT PLB and First REIT being satisfied with the results of due diligence (including but not limited to legal, financial, tax and building due diligence, including the building defects rectification and outstanding works (if any), and other forms of due diligence) which PT PLB and/or First REIT may consider to be relevant;
- 2.3.12 submission of a report of implementation of conditions and obligations as set out in the Vendor's environmental permit;
- 2.3.13 the issuance of a cover note by the relevant Notary stating, among others: (a) the validity or term of the HGB and (b) that there are no recordation of any encumbrances (including mortgage), seizure or dispute recorded in the land book in the authorised Land Office in relation to the HGB;
- 2.3.14 there being no adverse change to the financial condition of the Vendor and PT WJP or their ability to perform any of their obligations under the Transaction Documents (as defined in the SHLB CSPA); and
- 2.3.15 there being no adverse change to the financial condition of the Master Lessees or their ability to perform any of their obligations under the SHLB Master Lease Agreement.

Upon the completion of the SHLB Acquisition, the Vendor has also undertaken, among others, to:

- (i) do any and all acts necessary to assist PT PLB in obtaining the (i) liquid waste disposal permit (*Izin Pembuangan Limbah Cair*); and (ii) Permit to Utilise Waste Water to be Applied to Soil (*Izin Pemanfaatan Air Limbah untuk Pemanfaatan ke Tanah*) to be duly and validly issued by the authorised relevant government authorities under the name of PT PLB not later than six months from completion; and
- (ii) do any and all acts necessary to assist PT PLB in obtaining the Function Feasibility Certificate (*Sertipikat Laik Fungsi*) and hazardous waste temporary storage permit (*Izin Penyimpanan Sementara Limbah B3*) for the hospital to be duly and validly issued by the authorised relevant government authority(ies) under the name of PT PLB, in the event that implementing regulation(s) and/or procedure(s) (including the internal standard operating procedures) for their issuance is issued by the relevant government authority.

All costs, expenses, fees, taxes and other charges which may be incurred by PT PLB in connection with the conditions subsequent above shall be borne by the Vendor.

2.4 Valuation

The SHLB Total Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHLB by Rengganis and Alberth, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Rengganis and Alberth using the income approach utilising the discounted cash flow method as the subject property will be under a master lease agreement with the Master Lessees. This approach considers the subject property as an income producing property.

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

Appraised Value		SHLB Total Consideration (S\$ million)
By Rengganis as at 19 October 2016 (S\$ million)	By Alberth as at 19 October 2016 (S\$ million)	
20.50	20.58	20.00

The SHLB Total Consideration represents a discount of 2.82% to the higher of the two independent valuations of SHLB and a discount of 2.63% to S\$20.54 million, which is the average of the two independent valuations of SHLB.

(See **APPENDIX B** of this Circular for further details on the Independent Valuers' respective valuations of SHLB.)

2.5 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. 101/PMK.01/2014) on Public Appraisal (the "**Decree**"), before public appraisers provide services, they must obtain a licence from MOF Indonesia. In providing the services, the public appraisers must go through a Public Appraisal Services Office (*Kantor Jasa Penilai Publik/KJPP*) that has obtained a business licence from MOF Indonesia. The Decree 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 who have a licence who act through KJPP that have a business licence. To conduct business activities in Indonesia, Foreign Public Appraisal Services Offices (*Kantor Jasa Penilai Publik Asing/KJPPA*) may cooperate with a KJPP upon approval from MOF Indonesia.

Rengganis

Rengganis is an independent valuation firm registered in Indonesian Appraisers Society (*Masyarakat Profesi Penilai Indonesia*), 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 the Indonesian Financial Services Authority. Its valuation staff has international and domestic experience and its clientele includes major international and local companies.

Alberth

Alberth is a public valuation firm which was formed in December 2012 and is the successor of KJPP Rinaldi Riki & Rekan (formed previously in March 2009), and itself is a continuation of PT Perintis Inovasindo Utama. Alberth provides a wide range of professional services to the property industry and financial community, including property asset valuations in Indonesia, both for government and private purposes. The partners of Alberth are qualified public valuers licenced with MOF Indonesia and are also senior members of MAPPI with an average experience of 15 years in valuation practise, including the former position of Head of Valuer's Board in Indonesia.

2.6 BPHTB and VAT

BPHTB

The purchase of the land and building from the Vendor by PT PLB is subject to the land and building acquisition tax (*Biaya Perolehan Hak Atas Tanah dan Bangunan*) (“**BPHTB**”) at the rate of 5%, whichever is higher between the purchase price or the sale value of the tax object as determined by the head of local government. The SHLB Total Consideration is inclusive of the BPHTB.

VAT

PT PLB will be charged value-added tax (“**VAT**”) at the rate of 10% on the purchase of SHLB. The VAT charges by the Vendor will be treated as input VAT, which can be used to offset the output VAT from rental income of PT PLB.

(See **APPENDIX F** of this Circular for further details.)

2.7 Indemnity in relation to the SHLB CSPA

The Trustee has also entered into a deed of indemnity with PT WJP pursuant to which PT WJP will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHLB CSPA (the “**Deed of Indemnity**”). These conditions include, among others, that:

- (a) the maximum aggregate liability of PT WJP to the Trustee in respect of all claims under the Deed of Indemnity shall not exceed the SHLB Total Consideration plus all fees, duties and other expenses incurred by the Trustee in connection with the CSPA and the Deed of Indemnity;
- (b) no claim shall be brought against PT WJP unless written particulars shall have been notified in writing to PT WJP before the expiry of a period of 48 months for taxation claims and 24 months for any other claims from the completion of the SHLB Acquisition;
- (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 2.7(b) above; and
- (d) the Trustee shall not be entitled to recover from PT WJP for a breach under the Deed of Indemnity or a breach under the SHLB CSPA more than once in respect of the same losses suffered or incurred, and accordingly PT WJP shall not be liable in respect of a claim under the Deed of Indemnity, if and to the extent that such losses are or have been included in a claim under the SHLB CSPA which has been satisfied, and *vice versa*.

2.8 SHLB Acquisition Cost

The SHLB Acquisition Cost to be incurred by First REIT is currently estimated to be approximately S\$20.75 million comprising:

- (i) the SHLB Total Consideration of S\$20.00 million;
- (ii) the SHLB Acquisition Fee of S\$200,000¹ payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which is payable in the form of the SHLB Acquisition Fee Units; and
- (iii) the professional and other fees and expenses incurred or to be incurred by First REIT in connection with the SHLB Acquisition of approximately S\$552,000².

2.9 Method of Financing the SHLB Acquisition

The SHLB Total Consideration will be paid in cash on the date of completion of the SHLB Acquisition. The SHLB Acquisition Cost (excluding the SHLB Acquisition Fee Units payable to the Manager) is expected to be financed via a combination of a drawdown from First REIT’s committed debt facilities and internal cash. The final decision regarding the method of financing to be employed will be made by the Manager at the appropriate time taking into account the relevant market conditions.

¹ Being 1.0% of the SHLB Total Consideration.

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

As at the Latest Practicable Date, First REIT has an aggregate leverage of 30.0%. Under the Property Funds Appendix, First REIT's aggregate leverage may not exceed 45.0% of its Deposited Property¹. Assuming that the SHLB Acquisition is financed 100.0% with borrowings, First REIT's aggregate leverage will increase from 30.0% to approximately 31.2%, which is below the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

2.10 Completion

Completion of the sale and purchase of SHLB by PT PLB under the SHLB CSPA is expected to take place as soon as practicable after First REIT raises adequate proceeds for the SHLB Acquisition and after the conditions precedent set out in the SHLB CSPA have been fulfilled.

2.11 HGB / "Right to Build" Land Titles

Save for Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Sriwijaya, which are held via HGB titles over Right to Manage (*Hak Pengelolaan* or "**HPL**") titles under a Built Operate and Transfer scheme all of First REIT's Indonesian Properties (as defined herein) are held via HGB titles over state land. The term of the HGB title in relation to SHLB will expire on 11 May 2045.

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 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 for a maximum period of 30 years 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.

Pursuant to Article 35 of Government Regulation No.40 of 1996 regarding Right to Cultivate, Right to Build and Right to Use, a HGB will terminate, among others:

- (i) upon expiry of the HGB period stated in the relevant decision or agreement with respect to the grant or extension of the HGB;
- (ii) if revoked by the authorised government authority, the HPL holder or the Right of Ownership (*Hak Milik* or "**HM**") holder prior to its expiry due to, among others, (a) non-fulfilment of the obligations of the HGB holder, (b) non-compliance with the requirements or obligations stated in the agreement granting HGB between the HGB holder and the HM holder or agreement with respect to the use of HPL land, or (c) a final and binding court decision;
- (iii) if voluntarily released by the HGB holder prior to its expiry;
- (iv) if abandoned;
- (v) if the land vanishes; or
- (vi) if the HGB holder is no longer eligible to hold the HGB based on the requirements set out in Article 19 of this regulation, and fails to transfer its rights over the HGB to an eligible party within one year.

¹ "**Deposited Property**" refers to the gross assets of First REIT, including First REIT's properties and authorised investments for the time being held or deemed to be held upon the trusts under the Trust Deed.

In 2012, the Manager had successfully renewed two of the HGB titles of Siloam Hospitals Lippo Village for a period of 20 years to 26 July 2032 and four of the HGB titles of Imperial Aryaduta Hotel & Country Club for a period of 20 years to 26 July 2032.

In 2013, the Manager had successfully renewed one of the HGB titles of Siloam Hospitals Surabaya for a period of 20 years to 30 March 2033.

In 2014, the Manager had successfully renewed one of the HGB titles of Siloam Hospitals Lippo Village for a period of 20 years to 26 October 2035, eight of the HGB titles of Imperial Aryaduta Hotel & Country Club for a period 20 years to 26 October 2035 and two of the HGB titles of Siloam Hospitals Surabaya for a period of 20 years to 8 May 2034.

In 2016, the Manager had successfully renewed the HGB title of Siloam Hospitals Kebon Jeruk for a period of 20 years to 10 August 2037.

2.12 SHLB Master Lease Agreement

Upon completion of the SHLB Acquisition, PT PLB (as the master lessor of SHLB) will enter into the SHLB Master Lease Agreement with the Master Lessees.

Pursuant to the SHLB Master Lease Agreement, the SHLB Master Lease will be granted to the Master Lessees for a lease term of 15 years, commencing from the date of completion of the SHLB Acquisition with an option to renew for a further term of 15 years exercisable at the option of the Master Lessees. Some key terms of the SHLB Master Lease Agreement are as follows.

2.12.1 Base Rent

The SHLB Master Lease is granted at an initial base rent of S\$1.85 million (Rp.17.39 billion) (the **“Base Rent”**) per annum. In the absence of direct hospital asset comparables, the Manager has used Siloam Hospitals Kupang (**“SHKP”**), for which the tenant is currently paying S\$1.38 per square foot (**“sq ft”**) per month, as a comparison with SHLB and for which the tenant will be paying S\$1.88 per sq ft per month based on the contracted base rent. The rate of S\$1.88 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. Due to the lack of prior transactions and relevant data of other comparable hospitals and medical centres in Indonesia, especially those with sales and master lease arrangements similar to the subject property, the Manager is of the view that SHKP is the closest and best comparable to SHLB in terms of geographical location and asset characteristics. As the yield in relation to the annual 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 SHLB in comparison with First REIT’s Indonesian Properties is as follows:

Property	Current Yield (% p.a.)
Siloam Hospitals Lippo Village	8.94
Siloam Hospitals Kebon Jeruk	8.63
Siloam Hospitals Surabaya	9.71
Imperial Aryaduta Hotel & Country Club	9.46
Mochtar Riady Comprehensive Cancer Centre	7.82
Siloam Hospitals Lippo Cikarang	8.95
Siloam Hospitals Manado & Hotel Aryaduta Manado	8.02
Siloam Hospitals Makassar	8.05
Siloam Hospitals Bali	7.76

Property	Current Yield (% p.a.)
Siloam Hospitals Simatupang	7.74
Siloam Hospitals Purwakarta	8.70
Siloam Sriwijaya	9.26
Siloam Hospitals Kupang & Lippo Plaza Kupang	9.20
SHLB	9.25

Based on the current yields as shown in the table above, the Manager is of the opinion that SHLB'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 2.12.9 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 Base Rent for the first year of the SHLB Master Lease.)

The Base Rent is payable quarterly in advance and will be subject to increase every year after the initial period of five years from the commencement of the SHLB Master Lease (the **"Initial Five-Year Period"**), 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%. In addition, for each five-year period of the lease term commencing after the Initial Five-Year Period (i.e. from the 6th year to the 10th year and from the 11th year to the 15th year), the increase shall be subject to a further cap of 5.0% for each such five-year period. Rental escalation in relation to SHLB is pegged to the Singapore CPI, as is the case with the Existing Portfolio¹. The historical trends of the Singapore CPI (the average Singapore CPI was approximately 2.0% over the 15-year period between 2001 and 2015) provide assurance that the rental adjustments will be relatively stable compared with the Consumer Price Index of Indonesia (the **"Indonesia CPI"**). This is in line with First REIT's intent to offer stable distributions to investors.

In the event the Singapore Dollar to Indonesian Rupiah exchange rate deviates from the exchange rate of S\$1.00 to Rp.9,400, the Base Rent shall be adjusted accordingly based on the following formula:

Base Rent / Rp.9,400 x BI Market Rate,

where **"BI Market Rate"** means the Bank Indonesia's Rupiah exchange rate based on Bank Indonesia's buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 days prior to the date of the invoices issued by PT PLB pursuant to the SHLB Master Lease Agreement. As a result of this formula stipulated in the SHLB Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. 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. The further cap of 5.0% for each five-year period of the lease term commencing after the Initial Five-Year Period was commercially agreed between willing parties, and the Manager believes that this is reasonable as it will allow the hospital to be in a better position to manage its cash flow through more stable rental payments over the long term. For the avoidance of doubt, a negative Singapore CPI will not decrease the annual Base Rent.

¹ **"Existing Portfolio"** means the portfolio of properties currently held by First REIT, consisting of: its properties in Indonesia being Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals 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 Lantor Residence; and its property in the Republic of South Korea, Sarang Hospital.

2.12.2 Variable Rent

Variable rent is payable quarterly in advance. No variable rent will be payable for the Initial Five-Year Period of the SHLB Master Lease 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 sixth year and for subsequent years of the SHLB Master Lease is based on the Gross Operating Revenue¹ growth and is calculated as described in paragraph 2.12.3 below. The Manager also notes that the Base Rent already forms the main bulk of the Total Rent² and which already adequately meets First REIT's required rate of return. SHLB's variable rent constitutes only a small proportion of the Total Rent³.

In the event the Singapore Dollar to Indonesian Rupiah exchange rate deviates from the exchange rate of S\$1.00 to Rp.9,400, the Variable rent shall be adjusted accordingly based on the following formula:

Variable Rent / Rp.9,400 x BI Market Rate,

where "**BI Market Rate**" means the Bank Indonesia's Rupiah exchange rate based on Bank Indonesia's buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 days prior to the date of the invoices issued by PT PLB pursuant to the SHLB Master Lease Agreement. As a result of this formula stipulated in the SHLB Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. 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.

2.12.3 At least two weeks prior to each quarterly rent payment date, the Sponsor shall give written notice to PT PLB of the apportionment of the Total Rent payable by the Sponsor and the Siloam Lessee in respect of such quarter. Computation of Variable Rent from the Sixth Year of the SHLB Master Lease

No variable rent will be payable in the Initial Five-Year Period of the SHLB Master Lease. For the sixth year and for subsequent years of the Master Lease, the variable rent payable is computed as follows:

- where the Gross Operating Revenue for the preceding financial year exceeds the 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 lessees of SHLB shall be equivalent to 0.75% of such excess amount;
- where the Gross Operating Revenue for the preceding financial year exceeds the 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 lessees of SHLB shall be equivalent to 1.25% of such excess amount; and
- where the Gross Operating Revenue for the preceding financial year exceeds the Gross Operating Revenue for the further preceding financial year by an amount of 30.0% or more, the variable rent payable by the master lessees of SHLB shall be equivalent to 2.0% of such excess amount.

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

1 "Gross Operating Revenue" means the gross operating revenue of the Siloam Lessee derived specifically from the Siloam Lessee'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").

2 "Total Rent" refers to the sum of the Base Rent and the variable rent.

3 For illustrative purposes, the variable rent in respect of SHLB will comprise approximately 4.3% of the Total Rent for the 6th year of the SHLB Master Lease, based on the assumptions set out in paragraph 2.12.4 below and assuming that the Base Rent increases by the cap of 2.0% after the Initial Five-Year Period.

2.12.4 Illustration of Computation of Variable Rent

(i) Assumptions

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

- (a) the SHLB Master Lease commenced on 1 January 2017;
- (b) the sixth year of lease will commence on 1 January 2022;
- (c) the Gross Operating Revenue for the financial year ended 31 December 2020 ("FY2020") is Rp.100,000,000,000;
- (d) the Gross Operating Revenue for the financial year ended 31 December 2021 ("FY2021") is Rp.140,000,000,000; and
- (e) further to sub-paragraphs 2.12.4(i)(c) and (d) above, the SHLB Gross Operating Revenue growth for FY2021 over that of FY2020 is 40% and the surplus of the SHLB Gross Operating Revenue for FY2021 over that of FY2020 is Rp.40,000,000,000.

(ii) Variable rent for the sixth year

Based on the assumptions set out in sub-paragraph 2.12.4(i) above, the variable rent in respect of SHLB for the sixth year of lease will be 2.0% X Rp.40,000,000,000 (i.e. Rp.800,000,000; or approximately S\$85,106¹). The rate of 2.0% is derived from the terms of the SHLB Master Lease Agreement for computation of SHLB's variable rent as set out in paragraph 2.12.3 above.

2.12.5 Fixed Exchange Rate

The Total Rent shall be paid in Indonesian Rupiah. In the event the Singapore Dollar to Indonesian Rupiah exchange rate deviates from the exchange rate of S\$1.00 to Rp.9,400², the Total Rent shall be adjusted accordingly based on the following formula:

Total Rent / Rp.9,400 x BI Market Rate,

where "BI Market Rate" means the Bank Indonesia's Rupiah exchange rate based on Bank Indonesia's buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 days prior to the date of the invoice issued by PT PLB pursuant to the SHLB Master Lease Agreement.

2.12.6 Assignment/Subletting

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

The Master Lessees shall not sub-let SHLB without prior written notice to PT PLB and the Master Lessees shall procure the sub-lessees' compliance with the SHLB Master Lease.

2.12.7 Maintenance and other Operating Expenses of SHLB

The Siloam Lessee will be responsible for:

- (i) all outgoings including, but not limited to utility costs and property related taxes relating to SHLB;

1 The total variable rent payable in respect of SHLB in the sixth year of lease and based on the fixed exchange rate of S\$1.00 to Rp.9,400.

2 For the avoidance of doubt, the exchange rate of S\$1.00 to Rp.9,400 is a fixed exchange rate that is agreed between PT PLB and the Master Lessees for purposes of the SHLB Master Lease Agreement, and it will not vary throughout the lease.

- (ii) costs and expenses for the operation, maintenance and management of SHLB, and landscaping costs; and
- (iii) all capital expenses relating to SHLB for the first two years of the SHLB Master Lease¹.

Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operation expenses in relation to SHLB.

2.12.8 Insurance of SHLB

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

- (i) an insurance policy over all of the Master Lessees' property including any and all goods and stock-in-trade in SHLB 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, business interruption and all risks and damage (including earthquake) in the joint names of PT PLB and the Master Lessees to its full market insurable amount as assessed by PT PLB, damage to the building at SHLB and all parts thereof which the Siloam Lessee is obliged to keep in repair under the SHLB Master Lease. PT PLB shall pay for any increase in premium payable due to increase in sum insured for all risks and damage (including earthquake), if any;
- (iii) a comprehensive public liability insurance policy in the joint names of PT PLB and the Master Lessees against claims for personal injury, death or property damage or loss, arising out of all operations of the Master Lessees and its permitted occupiers in SHLB; and
- (iv) an insurance policy covering all of the Master Lessees' risks with such insurance coverage as appropriate and typical for the size and type of business carried out by the Master Lessees at SHLB.

The Manager believes that the insurance policies to be taken out by the Siloam Lessee for SHLB are consistent with industry practise in Indonesia.

2.12.9 Audit Committee's opinion on the Base Rent for the first year of the SHLB Master Lease

The size, location and age of SHKP and SHLB are set out in the table below:

Property	Location	GFA (sq m)	Age of Property (years)
SHKP ⁽¹⁾	Kupang, East Nusa Tenggara Province, Indonesia	21,593	One
SHLB	Labuan Bajo, West Manggarai Regency, East Nusa Tenggara Province, Indonesia	7,604	One

Note:

- (1) For the avoidance of doubt, excluding Lippo Plaza Kupang, a 3-storey mall which is linked to SHKP.

The Audit Committee is of the opinion that it is reasonable to benchmark the rental rates of SHLB to SHKP for the following reasons:

- (i) Both SHLB and SHKP provide primary, secondary and tertiary healthcare services with advanced and high-quality medical care and facilities;

¹ After the expiration of the first two years of the SHLB Master Lease, the master lessor of SHLB (being PT PLB) shall be responsible for the capital expenses relating to SHLB.

- (ii) Both SHLB and SHKP are located on East Nusa Tenggara and are prominently located within their respective city centres; and
- (iii) Both SHLB and SHKP are relatively new hospitals.

The tenant of SHKP is currently paying S\$1.38 per sq foot per month. In view of the above reasons, and the significantly smaller GFA size of SHLB, the Audit Committee is of the opinion that SHLB's rental rate of S\$1.88 per sq ft per month for the first year of the SHLB Master Lease under the SHLB Master Lease Agreement is reasonable.

2.12.10 Indonesian Currency Law

On 28 June 2011, the Government of the Republic of Indonesia issued Law No. 7 of 2011 concerning Currency ("**Law 7/2011**") and on 31 March 2015, Bank Indonesia issued the Bank Indonesia Regulation No. 17/3/PBI/2015 concerning Mandatory Use of Rupiah Currency in Indonesian Territory (*Penggunaan Rupiah di Wilayah Negara Kesatuan Republik Indonesia*) ("**BI Regulation No.17/2015**") which implementation is further regulated in Circular Letter of Bank Indonesia No. 17/11/DKSP dated 1 June 2015. The terms and conditions of the Transaction Documents (as defined in the SHLB CSPA) will be subject to Law 7/2011 and BI Regulation No. 17/2015.

Based on BI Regulation No.17/2015, Indonesian Rupiah currency shall be used in (i) each transaction which requires payment, (ii) other obligations which are settled by cash, and/or (iii) other financial transactions, in each case within the territory of the Republic of Indonesia, subject to certain exceptions including:

- (i) bank deposit in foreign exchange;
- (ii) international financing transaction; and
- (iii) transactions in foreign currency conducted in accordance with the prevailing laws and regulations (such as any business in foreign currency conducted by banks; transactions in the primary and secondary market on securities issued by the government in foreign currency).

Law 7/2011 and BI Regulation No. 17/2015 also provide that:

- (a) a party is prohibited from refusing to receive Indonesian Rupiah for payment or settlement of obligations which should be settled by Indonesian Rupiah and/or for other financial transactions within the territory of the Republic of Indonesia, unless there is doubt on the authenticity of the Indonesian Rupiah; but
- (b) payment or settlement of obligations in foreign currencies which has been provided for in a written agreement shall be exempted from the requirement in paragraph 2.12.10(a) above.

However, BI Regulation No. 17/2015 further clarifies that the above exemption in paragraph 2.12.10(b) applies only for:

- (I) agreements relating to transactions exempted from the mandatory use of Indonesian Rupiah as referred to in BI Regulation No. 17/2015 such as the transactions set out in paragraphs 2.12.10(i) to 2.12.10(iii) above; or
- (II) agreements for strategic infrastructure projects which have been approved by Bank Indonesia.

As BI Regulation No. 17/2015 as the implementing regulation of Law 7/2011 is new and untested, there is uncertainty as to how it will be applied or interpreted.

Since First REIT is required to receive income from its Indonesian Properties¹ in Indonesian Rupiah, its revenue will be affected by fluctuations in the exchange rates of the Indonesian Rupiah with respect to any master lease agreements entered into by it from 1 July 2015, save to the extent mitigated by the formula to adjust the Base Rent and variable rent for the SHLB Master Lease as described in paragraphs 2.12.1 and 2.12.2 above. The impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Indonesian Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Indonesian Rupiah / Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore.

3. RATIONALE FOR THE SHLB ACQUISITION AND THE SHLB MASTER LEASE

The Manager believes that the SHLB Acquisition and the SHLB Master Lease will bring, among others, the following key benefits to Unitholders:

3.1 Opportunity to purchase an attractive and high quality property in a new locality of Labuan Bajo, West Manggarai Regency, East Nusa Tenggara Province, Indonesia at a price below valuation

The SHLB Acquisition represents an opportunity for First REIT to acquire a hospital that is attractive and high quality in a strategic location in Indonesia.

Previously a small fishing village, Labuan Bajo has now developed into an attractive tourist destination due to the diverse marine life in the area, which also serves as a launching point for trips to Komodo Island and Rinca Island.

SHLB is well-positioned for the low to middle income segment of the healthcare market.

Additionally, SHLB will be acquired at a discount of 2.63% to the average of the independent valuations of SHLB by Rengganis and Alberth.

3.2 Increased income stability of First REIT through the SHLB Master Lease with a term of 15 years and an increase in First REIT's WALE

The SHLB Master Lease will be beneficial to First REIT as SHLB is expected to provide stability to First REIT's Gross Rental Income² 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 SHLB Master Lease Agreement would also provide locked-in organic growth in First REIT's cash flow. (See paragraphs 2.12.1 and 2.12.2 of the Letter to Unitholders for further details on the base and variable rent under the SHLB Master Lease Agreement.) To ensure stability in First REIT's Gross Rental Income from SHLB, security deposits amounting to not less than six months of SHLB's annual rental payable (amounting to S\$0.93 million) will be provided to First REIT by the Master Lessees in the form of bankers' guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

The SHLB 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 terms of the master leases for the properties in First REIT's Existing Portfolio are between 10 and 15 years. After the completion of the SHLB Acquisition, First REIT will benefit from the increase in the Enlarged Portfolio's WALE based on secured Gross Rental Income with SHLB contributing 1.8% of First REIT's total Gross Rental Income under the SHLB Master Lease Agreement. The WALE of the Enlarged Portfolio will increase from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2015 to approximately 10.9 years after the completion of the SHLB Acquisition.

¹ "Indonesian Properties" means the portfolio of properties in Indonesia currently held by First REIT, consisting of: Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya and Imperial Aryaduta Hotel & Country Club.

² "Gross Rental Income" refers to the contracted rent under the master lease agreements in relation to SHLB and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

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

First REIT's asset size will grow by 1.6% from S\$1.27 billion as at 31 December 2015 to S\$1.29 billion after the completion of the SHLB Acquisition. The value of First REIT's Deposited Property is expected to increase by 1.5% from S\$1.32 billion as at 31 December 2015 to S\$1.34 billion after the completion of the SHLB Acquisition and there will also be a 2.5% increase in the total GFA from 306,707 sq m before the SHLB Acquisition to 314,311 sq m after the completion of the SHLB Acquisition. The maximum number of hospital beds for the Indonesian Properties will increase by 4.7% from 3,283 to 3,436.

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 SHLB Acquisition is expected to benefit Unitholders by improving diversification of the sources of First REIT's Gross Rental Income due to diversification in geographical location through adding an asset to First REIT's portfolio in a new location where it does not currently own any assets, within the Indonesia Outside Central Region. With an enlarged asset base, the operator of SHLB will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

3.4 The SHLB Acquisition would enable First REIT to grow through the acquisition of a hospital which enhances the diversification of First REIT's portfolio across locations and medical specialisations

SHLB is located in Indonesia in which First REIT already operates and is an extension of First REIT's Existing Portfolio. Located in Labuan Bajo within the West Manggarai Regency, it is situated along Jl. Gabriel Gampur, approximately one kilometre away from Labuan Bajo Airport. Prior to the commencement of operations of SHLB, there was no hospital facility in Labuan Bajo. Labuan Bajo is a busy tourist location which is popular as a launching point for Komodo Island and Rinca Island, as well as snorkelling and diving sites around the surrounding islands.

SHLB is modern and is fitted with medical facilities which include, among others, emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography, 3-dimension echocardiography and 16-slice CT scanner. It is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience, while various medical services offered include mammography, cardiology, dentistry, dermatology, general surgery, haemodialysis, internal medicine, paediatrics, obstetrics and gynaecology, medical rehabilitation and physiotherapy, radiology and trauma.

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

3.5 Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio as SHLB is newly built

As at 31 December 2015, the weighted average age of properties of the Enlarged Portfolio will decrease by approximately 2.2% from 9.3 years from that of the Existing Portfolio to 9.1 years after the completion of the SHLB Acquisition.

4. REQUIREMENT FOR UNITHOLDERS' APPROVAL

4.1 Interested Person Transaction and Interested Party Transaction

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

Based on the FY2015 Audited Consolidated Financial Statements, the NTA of First REIT was S\$791.1 million as at 31 December 2015. Accordingly, if the value of a transaction which is

proposed to be entered into in the current financial year by First REIT with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$39.6 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by First REIT which value exceeds 5.0% of First REIT's latest audited NAV. Based on the FY2015 Audited Consolidated Financial Statements, the NAV of First REIT was S\$791.1 million as at 31 December 2015. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is equal to or greater than S\$39.6 million, such a transaction would be subject to Unitholders' approval.

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) 33.11% 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.

For the purposes of Chapter 9 of the Listing Manual and the Property Funds Appendix, the Vendor being an indirect wholly-owned subsidiary of the Sponsor, and Siloam Lessee, being an indirect subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager), is an Interested Person and Interested Party of First REIT.

Given the SHLB Total Consideration of Rp.188.00 billion (S\$20.00 million) (which is 2.5% of the NTA and NAV respectively of First REIT as at 31 December 2015) and the value of the SHLB Master Lease of approximately S\$27.8 million¹ (which is 3.5% of the NTA and NAV respectively of First REIT as at 31 December 2015), the value of the SHLB Acquisition and the SHLB Master Lease will in aggregate exceed (i) 5.0% of First REIT's latest audited NTA and (ii) 5.0% of First REIT's latest audited NAV. As such, the SHLB Acquisition and the SHLB Master Lease will constitute Interested Person Transactions under Chapter 9 of the Listing Manual and Interested Party Transactions under Paragraph 5 of the Property Funds Appendix.

In compliance with the requirements of the Listing Manual and the Property Funds Appendix, the Manager is therefore seeking Unitholders' approval for the SHLB Acquisition and the SHLB Master Lease.

UNITHOLDERS SHOULD NOTE THAT BY APPROVING THE SHLB ACQUISITION, THEY ARE ALSO DEEMED TO HAVE APPROVED THE SHLB MASTER LEASE.

4.2 Existing Interested Person Transactions

Prior to the Latest Practicable Date, save for the Joint Acquisition², 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.

4.3 Fees Payable to the Manager

As the SHLB Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the SHLB Acquisition Fee of S\$200,000 shall be payable to the Manager in the form of the SHLB Acquisition Fee Units. The SHLB Acquisition Fee Units shall not be sold within one year from their date of issuance, in accordance with Paragraph 5.7 of the Property Funds Appendix which applies to Interested Party Transactions. 156,188³ SHLB Acquisition Fee Units are expected to be issued to the Manager for the SHLB Acquisition.

¹ Based on the total Base Rent payable under the SHLB Master Lease for the 15 year term, assuming that there is no change in the initial base rent of S\$1.85 million per annum.

² For the avoidance of doubt, the Manager intends to seek the separate approval of Unitholders for the Joint Acquisition. Please refer to First REIT's announcements made on 3 February 2016 and 15 June 2016 for further details in relation to the Joint Acquisition.

³ Clause 14.2.1(i) of the Trust Deed allows the Manager to receive the SHLB Acquisition Fee Units at an issue price equal to the volume weighted average traded price for a Unit for all trades on the SGX-ST for the 10 Market Days prior to the issuance of the SHLB Acquisition Fee Units. The number of SHLB Acquisition Fee Units has been calculated based on an assumed issue price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

After completion of the SHLB Acquisition, the Manager will also be entitled under the Trust Deed to receive from First REIT, management fees attributable to SHLB comprising a base fee of 0.4% per annum of the value of SHLB and a performance fee of 5.0% per annum of the Net Property Income¹ of SHLB. The Manager will be entitled to the management fees attributable to SHLB in the future for so long as SHLB continues to form part of the investment portfolio of First REIT.

4.4 Approval by Unitholders for the SHLB Acquisition and the SHLB Master Lease

In approving the SHLB Acquisition and the SHLB 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 SHLB Acquisition and the SHLB Master Lease. These agreements are therefore not subject to Rules 905 and 906 of the Listing Manual (which require First REIT to make an announcement or obtain the approval of Unitholders depending on the materiality of the Interested Person Transactions) insofar as there are no subsequent changes to the rental, rates and/or basis of the fees charged thereunder which will adversely affect First REIT. Future renewal or extension of the agreements will be subject to Rules 905 and 906 of the Listing Manual.

4.5 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	%(1)
	No. of Units	%(1)	No. of Units	%(1)		
Mr Albert Saychuan Cheok	1,159,271	0.1502	–	–	1,159,271	0.1502
Mr Goh Tiam Lock	–	–	–	–	–	–
Mr Wong Gang	–	–	–	–	–	–
Mr Ketut Budi Wijaya	–	–	–	–	–	–
Dr Ronnie Tan Keh Poo ⁽²⁾	90,493	0.0117	12,359,395	1.6018	12,449,888	1.6135

Notes:

- (1) Percentage interest is based on 771,579,482 Units in issue as at the Latest Practicable Date.
- (2) Dr Ronnie Tan Keh Poo is deemed to be interested in (i) 690,390 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 5,369,546 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd., (iii) 2,151,853 Units held by his nominee, UOB Kay Hian Private Limited, (iv) 3,756,000 Units held by Maybank Kim Eng Securities Pte. Ltd., (v) 216,617 Units held by DBS Nominees Pte. Ltd., as the nominee of Dr Tan's spouse, Mdm Law Deborah, and (vi) 174,989 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 SHLB Acquisition and the SHLB Master Lease.

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:

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	167,187,367	21.67	–	–	167,187,367	21.67
PT Menara Tirta Indah	44,056,264	5.71	–	–	44,056,264	5.71
Bowsprit Capital Corporation Limited	44,227,795	5.73	–	–	44,227,795	5.73
PT Sentra Dwimandiri ⁽²⁾	–	–	167,187,367	21.67	167,187,367	21.67
PT Primakreasi Propertindo ⁽³⁾	–	–	44,056,264	5.71	44,056,264	5.71
The Sponsor ⁽⁴⁾	–	–	255,471,426	33.11	255,471,426	33.11

Notes:

- (1) Percentage interest is based on 771,579,482 Units in issue as at the Latest Practicable Date.
- (2) PT Sentra Dwimandiri is deemed to be interested in the Units held by its subsidiary, Bridgewater International Ltd (please see table above).

¹ "Net Property Income" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises base rent and variable rent (where applicable) less property expenses.

- (3) 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).
- (4) The Sponsor is deemed to be interested in (i) the Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; (ii) the Units held by its indirect wholly-owned subsidiary, PT Menara Tirta Indah; and (iii) the Units held by Bowsprit Capital Corporation Limited (please see table above).

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 33.11% in First REIT and is deemed to be a Controlling Unitholder of First REIT.

4.6 Directors' Service Contracts

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

4.7 Major Transactions – Chapter 10 of the Listing Manual

4.7.1 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.

4.7.2 A proposed acquisition by First REIT may fall into any of the categories set out in paragraph 4.7.1 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 sub-paragraph 4.7.2(i) above.

4.7.3 The relative figures for the SHLB Acquisition using the applicable bases of comparison described in sub-paragraphs 4.7.2(i) and 4.7.2(ii) are set out in the table below.

Comparison of:	SHLB Acquisition	First REIT	Relative Figure
Net Property Income ⁽¹⁾	S\$1.81 million ⁽²⁾	S\$99.27 million ⁽³⁾	1.82%
SHLB Total Consideration against First REIT's market capitalisation	S\$20.00 million ⁽⁴⁾	First REIT's market capitalisation: S\$979.91 million ^{(5),(6)}	2.04%

Notes:

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. "Net Property Income" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed net rental of approximately S\$1.85 million under the SHLB Master Lease, less property expenses.

- (3) Based on the FY2015 Audited Consolidated Financial Statements.
- (4) Does not include transaction costs.
- (5) Based on the closing price of S\$1.270 per Unit on the SGX-ST on the Latest Practicable Date.
- (6) Based on Units in issue as at the Latest Practicable Date.

5. PRO FORMA FINANCIAL INFORMATION

5.1 Pro Forma Financial Effects of the SHLB Acquisition

FOR ILLUSTRATIVE PURPOSES ONLY:

The Pro Forma Financial Effects are for illustrative purposes and do not represent First REIT's actual financial performance following completion of the SHLB Acquisition.

The pro forma financial effects of the SHLB Acquisition presented below are strictly for illustrative purposes only and were prepared based on:

- (a) the FY2015 Audited Consolidated Financial Statements; and
- (b) the 9M2016 Unaudited Consolidated Financial Statements, and assuming:
 - (i) the SHLB Acquisition Cost, comprising the SHLB Total Consideration, the SHLB Acquisition Fee, as well as the professional and other fees and expenses, is S\$20.75 million, of which S\$20.55 million will be paid in cash and the balance of S\$0.2 million by way of issued Units;
 - (ii) S\$17.4 million of the cash component of the SHLB Acquisition Cost is funded by proceeds from debt;
 - (iii) an assumed issued price of S\$1.2805, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date for the management fee and SHLB Acquisition Fee payable to the Manager pursuant to the Trust Deed paid in the form of new Units issued;
 - (iv) the accounting policies and methods of computation applied to the pro forma financials are consistent to those applied in the FY2015 Audited Consolidated Financial Statements and the accounting standards applicable to the date of the announcement;
 - (v) the rental amount of SHLB is S\$1.85 million (Rp.17.39 billion), and the SHLB Master Lease Agreement provides for First REIT to receive the equivalent amount of Singapore dollars (i.e. S\$1.85 million) rental income in Indonesian Rupiah. As such, there will be no foreign exchange difference for the period as it cannot be reasonably estimated despite the existence of this forward rate. Hence, the fair value of this forward foreign exchange factor is not accounted for; and
 - (vi) the SHLB Total Consideration will be paid in cash via debt and internal cash and the cost of debt is assumed to be 4.50% per annum.

5.2 FY2015

Pro Forma DPU

The pro forma financial effects of the SHLB Acquisition on the DPU for FY2015, as if First REIT had purchased SHLB on 1 January 2015, and held and operated SHLB through to 31 December 2015, are as follows:

	FY2015	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	61,923	62,499
Units in issue and to be issued ⁽²⁾	750,028,566	750,224,113
DPU (cents) ⁽²⁾	8.30	8.33

Notes:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.

- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date, and excluding the 11,538,461 Units issued to the vendor of Siloam Hospitals Kupang on 14 December 2015 as part consideration as the vendor has waived its rights to be entitled to participate in the distributable income accrued by First REIT from the date of issuance of such Units to 31 December 2015.

Pro Forma NAV per Unit

The pro forma financial effects of the SHLB Acquisition on the NAV per Unit as at 31 December 2015, as if First REIT had purchased SHLB on 31 December 2015 are as follows:

	As at 31 December 2015	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
NAV (S\$'000)	791,101	791,129
Units in issue and to be issued	761,567,027	761,762,574 ⁽²⁾
NAV per Unit (cents)	103.88	103.86 ⁽²⁾

Notes:

(1) Based on the FY2015 Audited Consolidated Financial Statements.

(2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2015, as if First REIT had purchased SHLB on 31 December 2015.

	As at 31 December 2015	
	Actual ⁽¹⁾ (S\$'000)	As adjusted for the SHLB Acquisition (S\$'000)
Short-term debt:		
Unsecured	—	—
Secured	44,274	44,274
Total short-term debt	44,274	44,274
Long-term debt:		
Unsecured	99,383	99,383
Secured	298,908	316,313
Total long-term debt	398,291	415,696
Total Debt	442,565	459,970
Unitholders funds	791,101	791,129
Total Capitalisation	1,233,666	1,251,099

Note:

(1) Based on the FY2015 Audited Consolidated Financial Statements.

5.3 9M2016

Pro Forma DPU

The pro forma financial effects of the SHLB Acquisition on the DPU for 9M2016, as if First REIT had purchased SHLB on 1 January 2016, and held and operated SHLB through to 30 September 2016, are as follows:

	9M2016	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	48,778	49,210
Units in issue and to be issued	769,536,342	769,731,889 ⁽²⁾
DPU (cents)	6.34	6.39

Notes:

- (1) Based on the 9M2016 Unaudited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Pro Forma NAV per Unit

The pro forma financial effects of the SHLB Acquisition on the NAV per Unit as at 30 September 2016, as if First REIT had purchased SHLB on 30 September 2016 are as follows:

	As at 30 September 2016	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
NAV (S\$'000)	792,089	792,117
Units in issue and to be issued	769,536,342	769,731,889 ⁽²⁾
NAV per Unit (cents)	102.93	102.91 ⁽²⁾

Notes:

- (1) Based on the 9M2016 Unaudited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2016, as if First REIT had purchased SHLB on 30 September 2016.

	As at 30 September 2016	
	Actual ⁽¹⁾ (S\$'000)	As adjusted for the SHLB Acquisition (S\$'000)
Short-term debt:		
Unsecured	—	—
Secured	—	—
Total short-term debt	—	—
Long-term debt:		
Unsecured	109,491	109,491
Secured	286,554	303,959
Total long-term debt	396,045	413,450
Total Debt	396,045	413,450
Unitholders funds	792,089	792,117
Perpetual securities holders' fund	60,019	60,019
Total Capitalisation	1,248,153	1,265,586

Note:

(1) Based on the 9M2016 Unaudited Consolidated Financial Statements.

6. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The Manager has appointed Stirling Coleman Capital Limited (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 SHLB Acquisition and the SHLB Master Lease are (a) on normal commercial terms and (b) prejudicial to the interests of First REIT and its minority 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 SHLB Acquisition and the SHLB Master Lease are based on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders. Accordingly, the IFA is of the view that the Independent Directors should recommend that Unitholders vote in favour of the SHLB Acquisition (including the SHLB Master Lease).

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

7. RECOMMENDATION

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

- (i) the opinion of the IFA that the SHLB Acquisition and the SHLB Master Lease are based on normal commercial terms and not prejudicial to the interests of First REIT and its minority Unitholders and that it is accordingly of the view that the Independent Directors should recommend that the Unitholders vote in favour of the SHLB Acquisition (including the SHLB Master Lease) (the IFA's opinion on the SHLB Acquisition and the SHLB Master Lease is set out in the IFA Letter in **APPENDIX D** of this Circular); and
- (ii) the rationale for the SHLB Acquisition and the SHLB Master Lease as set out in paragraph 3 above,

and believe that the SHLB Acquisition and the SHLB Master Lease (including the terms of the SHLB 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 minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the EGM in favour of the resolution to approve the SHLB Acquisition and the SHLB Master Lease.

8. EXTRAORDINARY GENERAL MEETING

The EGM will be held at **Mandarin Ballroom I, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867** on **Wednesday, 28 December 2016**, at **2.00 p.m.**, for the purpose of considering and, if thought fit, passing with or without modification, the resolution set out in the Notice of Extraordinary General Meeting, which is set out on pages G-1 to G-2 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolution. Approval by way of Ordinary Resolution is required in respect of the SHLB Acquisition and the SHLB Master Lease.

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 72 hours before the time fixed for the EGM.

9. ABSTENTIONS FROM VOTING

9.1 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) 33.11% 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.

9.2 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.

Given that SHLB will be acquired from the Vendor, which is an indirect wholly-owned subsidiary of the Sponsor, and that the SHLB Master Lease will be entered into with the Sponsor and an indirect subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager), (i) the Sponsor and the Manager will abstain, and will procure that their associates will abstain, from voting at the EGM on the resolution (in relation to the SHLB Acquisition and the SHLB Master Lease); and (ii) will not, and will procure that their associates will not, accept appointments as proxies in relation to the Resolution unless specific instructions as to voting are given.

10. 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 Unit Registrar’s office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than Sunday, 25 December 2016 at 2.00 p.m., being 72 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 the resolution 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 the resolution.

11. 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 SHLB Acquisition, the SHLB Master Lease, 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.

12. 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.

13. 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 Circular¹:

- (i) the SHLB CSPA (which contains the form of the SHLB Master Lease Agreement);
- (ii) the Deed of Indemnity;
- (iii) the full valuation report on SHLB issued by Rengganis;
- (iv) the full valuation report on SHLB issued by Alberth;
- (v) the Indonesia Healthcare Market Review Report by Frost & Sullivan;
- (vi) the FY2015 Audited Consolidated Financial Statements;
- (vii) the 9M2016 Unaudited Consolidated Financial Statements; and
- (viii) 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 Please make prior appointment with the Manager (telephone: +65 6435 0168).

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
9M2016	:	Nine months ended 30 September 2016
9M2016 Unaudited Consolidated Financial Statements	:	The unaudited financial statements of First REIT and its subsidiaries for 9M2016
Aggregate Leverage	:	The total borrowings and deferred payments (if any) for assets of First REIT
Alberth	:	KJPP Rinaldi, Alberth, Baroto & Partners
Audit Committee	:	The audit committee of the Manager, comprising Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Base Rent	:	The base rent payable under the SHLB Master Lease
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
Circular	:	This circular to Unitholders dated 9 December 2016
Controlling Shareholder	:	A person who: <ul style="list-style-type: none"> (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	:	A person who: <ul style="list-style-type: none"> (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	:	The decree of MOF Indonesia (No. 125/PMK.01/2008) on public appraisal services
Deed of Indemnity	:	The deed of indemnity entered into between the Trustee and PT WJP in relation to the SHLB Acquisition
Directors	:	The directors of the Manager
DPU	:	Distribution per Unit

EGM	:	The extraordinary general meeting of Unitholders to be held at Mandarin Ballroom I, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 28 December 2016, at 2.00 p.m., 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 SHLB and the Existing Portfolio
Existing Interested Person Transactions	:	Interested person transactions with the Sponsor and associates of the Sponsor during the course of First REIT's current financial year
Existing Portfolio	:	The portfolio of properties currently held by First REIT, consisting of: its properties in Indonesia being Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals 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
First REIT	:	First Real Estate Investment Trust, a unit trust constituted in the Republic of Singapore pursuant to the Trust Deed dated 19 October 2006
FY2015 Audited Consolidated Financial Statements	:	The audited financial statements of First REIT and its subsidiaries for FY2015
FY2017	:	The financial year ended 31 December 2017
FY2018	:	The financial year ended 31 December 2018
GFA	:	Gross floor area
HGB	:	<i>Hak Guna Bangunan</i> (Right to Build)
HM	:	<i>Hak Milik</i> (Right of Ownership)
HP	:	<i>Hak Pakai</i> (Right to Use title)
HPL	:	<i>Hak Pengelolaan</i> (Right to Manage)
IFA	:	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
Illustrative Rupiah Exchange Rate	:	The illustrative rupiah exchange rate of S\$1.00 to Rp.9,400 as at 7 November 2016, which is also the agreed rupiah exchange rate set out in the SHLB CSPA and the SHLB Master Lease Agreement
Independent Directors	:	The independent directors of the Manager, being Mr Albert Saychuan Cheok, Mr Goh Tiam Lock and Mr Wong Gang
Independent Indonesia Tax Adviser	:	PB Taxand
Independent Reporting Accountant	:	RSM Chio Lim LLP

Independent Singapore Tax Adviser	:	Ernst & Young LLP
Independent Valuers	:	Rengganis and Alberth
Indonesia CPI	:	Consumer Price Index of Indonesia
Indonesian Properties	:	The portfolio of properties in Indonesia currently held by First REIT, consisting of: Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya and Imperial Aryaduta Hotel & Country Club
Interested Party	:	As defined in the Property Funds Appendix, means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund
Interested Party Transaction	:	Has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix
Interested Person	:	As stated in the Listing Manual, in the case of a real estate investment trust, has the meaning defined in the Code on Collective Investment Schemes issued by the MAS. Therefore, interested person means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or controlling unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any controlling unitholder of the property fund
Interested Person Transaction	:	Means a transaction between an entity at risk and an Interested Person
KJPP	:	<i>Kantor Jasa Penilai Publik</i> , or Accredited Public Appraiser Firms
Latest Practicable Date	:	1 December 2016, being the latest practicable date prior to the printing of this Circular
Law 7/2011	:	Law No. 7 of 2011 on Currency (<i>Undang-Undang Mata Uang</i>)
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Bowsprit Capital Corporation Limited, in its capacity as manager of First REIT
Market Day	:	Means any day on which the SGX-ST is open for trading in securities

MAS	:	Monetary Authority of Singapore
Master Lessees	:	The Sponsor and the Siloam Lessee, as lessees of SHLB
National Land Office	:	The National Land Office of the Republic of Indonesia (<i>Badan Pertanahan Nasional</i>)
NAV	:	Net asset value
New SHS	:	The new hospital to be built pursuant to development works at Siloam Hospitals Surabaya
NLA	:	Net lettable area
NTA	:	Net tangible assets
OCR	:	Indonesia Outside Central Region
Ordinary Resolution	:	A resolution proposed and passed as such by a majority being greater 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
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS in relation to real estate investment trusts
PT PLB	:	PT Prima Labuan Bajo, a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of First REIT
PT WJP	:	PT Wisma Jatim Propertindo
Rengganis	:	KJPP Rengganis, Hamid & Rekan in strategic alliance with CBRE Pte. Ltd.
Securities Act	:	U.S. Securities Act of 1933, as amended
SGX-ST	:	Singapore Exchange Securities Trading Limited
SHKP	:	Siloam Hospitals Kupang
SHLB	:	Siloam Hospitals Labuan Bajo
SHLB Acquisition	:	The proposed acquisition of SHLB from the Vendor
SHLB Acquisition Cost	:	The total cost of the SHLB Acquisition to be incurred by First REIT
SHLB 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 SHLB Acquisition
SHLB Acquisition Fee Units	:	The Units which will be issued to the Manager as payment for the Acquisition Fee
SHLB CSPA	:	The conditional sale and purchase agreement entered into between the Vendor and PT PLB on 7 November 2016 for the acquisition of SHLB
SHLB Master Lease	:	The master lease granted to the Sponsor and the Siloam Lessee in relation to SHLB

SHLB Master Lease Agreement	:	The master lease agreement to be entered into between PT PLB (as the master lessor of SHLB) and the Sponsor and the Siloam Lessee pursuant to which SHLB will be master leased to the Sponsor and the Siloam Lessee
SHLB Total Consideration	:	The purchase consideration for SHLB of Rp.188.00 billion (\$20.00 million) including the BPHTB
Siloam	:	PT Siloam International Hospitals Tbk, a subsidiary of the Sponsor
Siloam Lessee	:	PT Lintas Buana Jaya, one of the master lessees of SHLB under the SHLB Master Lease and a wholly-owned subsidiary of Siloam
Sponsor	:	PT Lippo Karawaci Tbk, which is the sponsor of First REIT
sq ft	:	Square feet
sq m	:	Square metres
Substantial Unitholder	:	A Unitholder with an interest in more than 5.0% of all Units in issue
Total Rent	:	The sum of the Base Rent and variable rent in relation to SHLB
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
U.S.	:	United States
Unit	:	A unit representing an undivided interest in First REIT
Unitholders	:	Unitholders of First REIT
Vendor	:	PT Pancuran Intan Makmur, a limited liability company incorporated in Indonesia and an indirect wholly-owned subsidiary of the Sponsor
WALE	:	Weighted average lease to expiry

The terms “**Depositor**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 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 SHLB, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

1. PROPERTY

1.1 DESCRIPTION OF SHLB

SHLB, which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a newly built three-storey hospital with a maximum capacity of 153 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m. SHLB is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience.

Located in Labuan Bajo within the West Manggarai Regency, it is situated along Jl. Gabriel Gampur, approximately one kilometre away from Labuan Bajo Airport. Prior to the commencement of operations of SHLB, there was no hospital facility in Labuan Bajo. Labuan Bajo is a busy tourist location that is popular as a launching point for Komodo Island and Rinca Island, as well as snorkelling and diving sites around the surrounding islands.

The table below sets out a summary of selected information on SHLB as at 19 October 2016 (unless otherwise indicated).

Address/Location	Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat
Master Title Details	HGB title certificate (HGB No. 00029/Desa Gorontalo), covering a land area of 2,837 sq m and expiring on 11 May 2045
Description / Existing Use	Hospital within a 3-storey building
Hospital beds (Capacity)	153
SHLB Master Lease Term	15 years, with an option to renew for a further term of 15 years exercisable at the option of the Master Lessees
Age of building	Completed in 2015
Commencement base rent	Rp.17.39 billion (S\$1.85 million)
GFA	7,604 sq m
Valuation by Rengganis as at 19 October 2016	S\$20.50 million
Valuation by Alberth as at 19 October 2016	S\$20.58 million

2. THE EXISTING PORTFOLIO

The Existing Portfolio of First REIT as at 31 December 2015 comprises: Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya, Imperial Aryaduta Hotel & Country Club, which are 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 2015 unless otherwise stated.

Description of the Properties	GFA (sq m)	Lease Terms	Maximum no. of Beds / Saleable Rooms	Appraised Value	Gross Revenue ⁽¹⁾ (from 1 January 2015 to 31 December 2015) (S\$'000)
Indonesia					
Siloam Hospitals Kupang & Lippo Plaza Kupang	55,368	15 years with option to renew for 15 years with effect from 14 December 2015	405	S\$75.4 million	342 ⁽²⁾
Siloam Sriwijaya	15,709	15 years with option to renew for 15 years with effect from 29 December 2014	347	S\$42.1 million	3,932
Siloam Hospitals Purwakarta	8,254	15 years with option to renew for 15 years with effect from 28 May 2014	203	S\$39.1 million	3,400
Siloam Hospitals Bali	20,958	15 years with option to renew for 15 years with effect from 13 May 2013	295	S\$124.8 million	9,680
Siloam Hospitals TB Simatupang	18,605	15 years with option to renew for 15 years with effect from 22 May 2013	271	S\$119.7 million	9,260
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\$104.7 million	8,400
Siloam Hospitals Makassar	14,307	15 years with option to renew for 15 years with effect from 30 November 2012	416	S\$73.4 million	5,789
Mochtar Riady Comprehensive Cancer Centre	37,933	15 years with option to renew for 15 years with effect from 30 December 2010	375	S\$264.3 million	21,332
Siloam Hospitals Lippo Cikarang	11,125	15 years with option to renew for 15 years with effect from 31 December 2010	126	S\$46.7 million	4,314

Description of the Properties	GFA (sq m)	Lease Terms	Maximum no. of Beds / Saleable Rooms	Appraised Value	Gross Revenue ⁽¹⁾ (from 1 January 2015 to 31 December 2015) (S\$'000)
Siloam Hospitals Lippo Village	27,284	15 years with option to renew for 15 years with effect from 11 December 2006	250	S\$161.4 million	14,367
Siloam Hospitals Kebon Jeruk	18,316	15 years with option to renew for 15 years with effect from 11 December 2006	201	S\$94.7 million	8,143
Siloam Hospitals Surabaya	9,227	15 years with option to renew for 15 years with effect from 11 December 2006	160	S\$33.3 million	3,219
Imperial Aryaduta Hotel & Country Club	17,427	15 years with option to renew for 15 years with effect from 11 December 2006	197	S\$41.9 million	3,948
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	1,072
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	1,045
The Lantor Residence	4,005	10 years with option to renew for 10 years with effect from 8 June 2007	208	S\$17.6 million	1,570
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	885

Notes:

- (1) "Gross Revenue" consists of the audited Gross Rental Income and (where applicable) other income earned from First REIT's properties.
- (2) Siloam Hospitals Kupang & Lippo Plaza Kupang was acquired on 14 December 2015. The amount reflects Gross Rental received from 14 December 2015 to 31 December 2015.

2.2 Description of the Properties in the Existing Portfolio

2.2.1 Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Kupang (“SHKP”), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, comprises a four-storey hospital building with one basement floor with a GFA of 21,593 sq m. It has a maximum capacity of 405 beds and 133 vehicle parking spaces. SHKP was completed in November 2014 and commenced operations under the “Siloam Hospitals” brand on 20 December 2014. It is a Centre of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics, while the various specialties offered include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.

The SHKP BOT Land consists of, among others, an open vehicle parking area, driveways, drop-off areas, pavements, loading dock areas and a lawn.

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

2.2.2 Siloam Sriwijaya

Siloam Sriwijaya is a strata-titled seven-storey hospital building which was completed in 2012. It has an operational capacity of 135 beds, with a maximum capacity of 347 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and 800 vehicle parking lots. Siloam Sriwijaya is currently operating under the “Siloam Hospitals” brand. Siloam Sriwijaya has a GFA of about 15,709 sq m. The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for Emergency & Trauma and Gastroenterology.

2.2.3 Siloam Hospitals Purwakarta

Siloam Hospitals Purwakarta 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. Siloam Hospitals Purwakarta has a total GFA of about 8,254 sq m and is located at Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state of the art medical equipment and has 250 vehicle parking spaces. Siloam Hospitals Purwakarta is a Centre of Excellence for Emergency & Trauma.

2.2.4 Siloam Hospitals Bali

Siloam Hospitals Bali, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia, commenced operations on 17 December 2012. Siloam Hospitals Bali has an operational capacity of 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 Cardiology, Emergency & Trauma and Orthopaedics.

2.2.5 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 South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Oncology.

2.2.6 Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Centre and at Jalan Piere Tendean No. 1, Manado, North Sulawesi, Indonesia, Republic of Indonesia, is an 11-storey mixed-use development with a basement level, comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which sit on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 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 is situated on the east side of Jalan Piere Tendean and on the west side of Jalan Sam Ratulangi, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. Notable developments in the vicinity of Siloam Hospitals Manado & Hotel Aryaduta Manado include IT Centre, 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 will be 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.

Siloam Hospitals Manado is a Centre of Excellence for Emergency & Trauma. 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 which commenced operations on 1 January 2011 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.

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 from the growing medical tourism sector.

2.2.7 Siloam Hospitals Makassar

Siloam Hospitals Makassar is located at Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi, Indonesia. Siloam Hospitals Makassar is a new seven-storey hospital which 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 Centre, Trans Makassar Mall and Losari Beach.

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

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. Medical evacuation to and from the hospital is also available via designated ambulances.

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.

2.2.8 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 beds Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients. It is a Centre of Excellence for Oncology, Gastroenterology and Emergency & Trauma.

Mochtar Riady Comprehensive Cancer Centre 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.

2.2.9 Siloam Hospitals Lippo Cikarang

Siloam Hospitals Lippo Cikarang 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. Siloam Hospitals Lippo Cikarang 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. Siloam Hospitals Lippo Cikarang is a Centre of Excellence for Emergency & Trauma, Internal Medicine and Urology.

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

Specialist doctors were appointed since 2005 to perform digestive surgery using Laparoscopy, a technique that minimises surgical trauma and accelerates recovery. Siloam Hospitals Lippo Cikarang 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.

2.2.10 Siloam Hospitals Lippo Village

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

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 recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 27,284 sq m.

2.2.11 Siloam Hospitals Kebon Jeruk

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

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

2.2.12 Siloam Hospitals Surabaya

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

Siloam Hospitals Surabaya is a Centre of Excellence for Cardiology, Emergency & Trauma and Fertility Treatment. The hospital has successfully performed 1,027 ovum pick-ups, with a 47.6% pregnancy rate from 958 embryo transfers in year 2015.

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 4,306 sq m and has a GFA of 9,227 sq m.

2.2.13 The New SHS¹

The New SHS will comprise a 12-storey hospital building with two podium floors and one lower ground floor and is expected to be completed in 2019.

¹ First REIT has, on 29 December 2015, obtained Unitholders' approval for the transaction in relation to Siloam Hospitals Surabaya pursuant to which, among others, development works will be undertaken to construct and develop the New SHS and First REIT will acquire the New SHS upon completion of the development. As the New SHS is currently under development, all the figures in this Circular in respect of the New SHS are based on the new master lease agreement to be entered into between PT TPI, a wholly-owned subsidiary of First REIT (as the master lessor of the New SHS) and the Sponsor (as the master lessee of the New SHS). For the avoidance of doubt, while the development works of the New SHS is in progress, the existing Siloam Hospitals Surabaya remains operational. Please refer to First REIT's circular dated 14 December 2015 in relation to the New SHS for further details.

It is expected to have a capacity of approximately 488 beds¹ and is expected to be equipped by the Sponsor with state-of-the-art medical equipment. The New SHS will be a Centre of Excellence for fertility and stroke.

Upon PT TPI taking possession of the New SHS, the New SHS will commence operations under the “Siloam Hospitals” brand and the Sponsor will be the lessee of the New SHS. The New SHS is expected to have a total GFA of approximately 24,245.90 sq m and will be located at Jalan Raya Gubeng No. 70, Gubeng Subdistrict, Gubeng District, Surabaya City, East Java Province, Indonesia².

2.2.14 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.

2.2.15 Pacific Healthcare Nursing Home @ Bukit Merah

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

Managed by Pacific Healthcare Nursing Home Pte. Ltd., the 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 30.0 years with effect from 22 April 2002.

2.2.16 Pacific Healthcare Nursing Home II @ Bukit Panjang

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

Managed by Pacific Eldercare and Nursing Pte. Ltd., it has a land area of 2,000 sq m and a GFA of 3,563 sq m. Lease tenure for the land is for a period of 30.0 years with effect from 14 May 2003.

2.2.17 The Lentor Residence

The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2014 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 99.0 years with effect from 20 August 1938.

2.2.18 Sarang Hospital

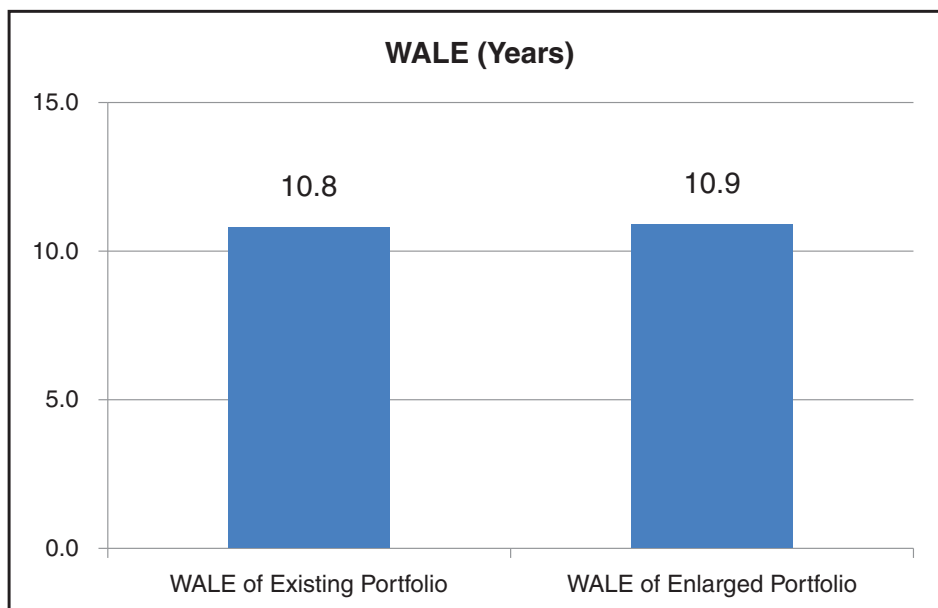
Sarang Hospital comprises a six-storey hospital with one basement. It has a total GFA of 4,982 sq m and is located in Yeosu City, South Korea. It is equipped with rehabilitation facilities and currently operates 34 wards and has 217 beds.

¹ The New SHS' expected capacity of approximately 488 beds represents an increase of approximately 328 beds over the existing Siloam Hospitals Surabaya's maximum capacity of 160 beds.

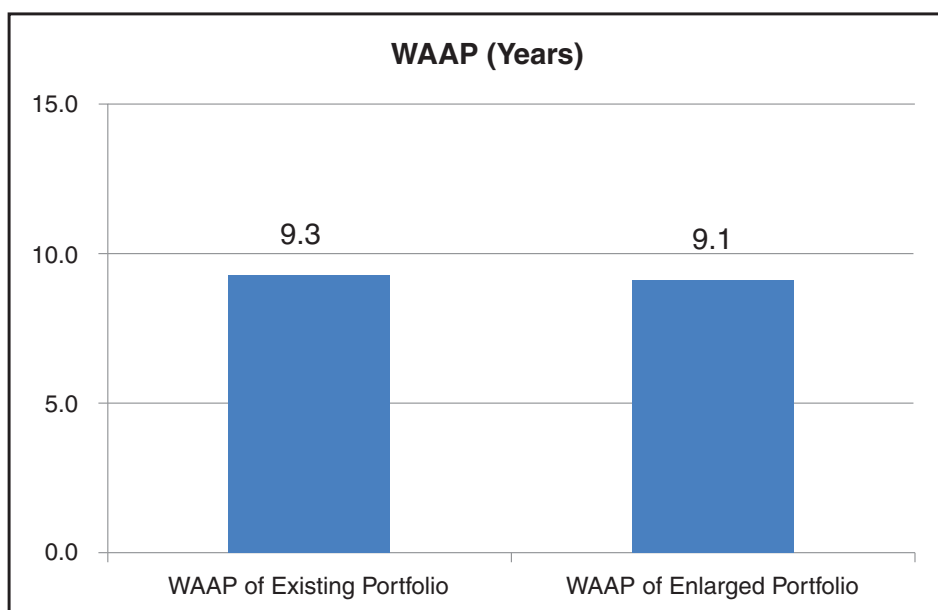
² As the New SHS is currently under development, the address of the New SHS will be confirmed once PT TPI takes possession of the New SHS.

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

The following chart illustrates the WALE profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2015. The WALE will improve from approximately 10.8 years for the Existing Portfolio to approximately 10.9 years for the Enlarged Portfolio.

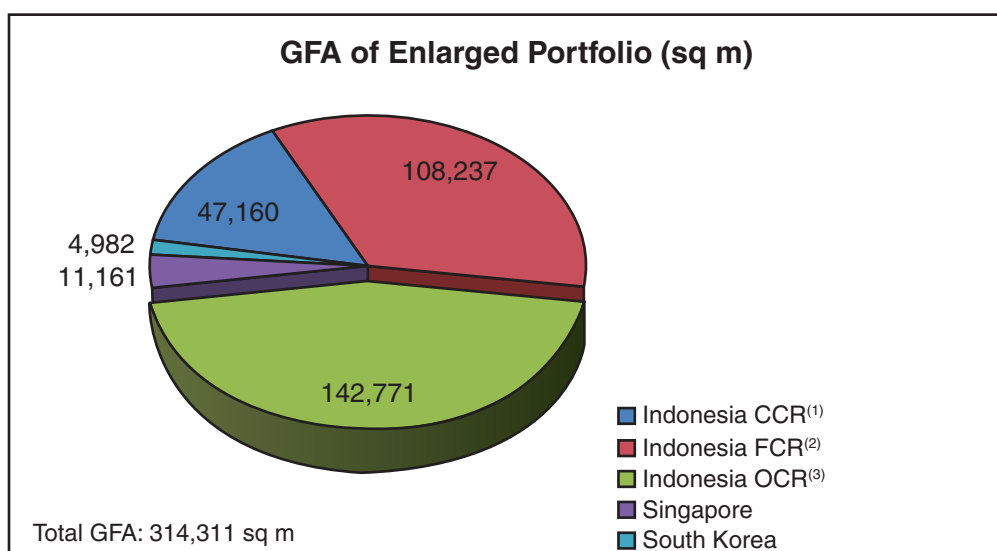
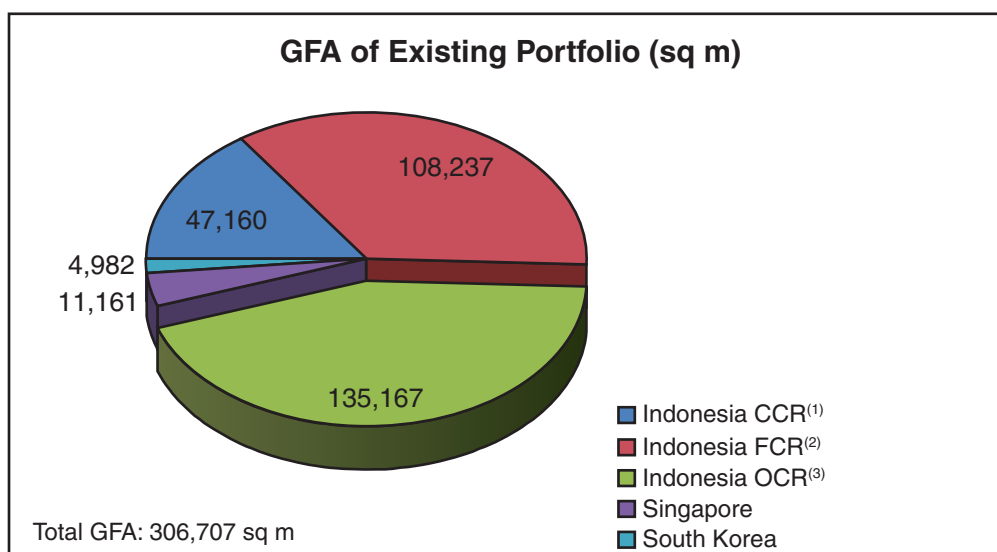


The following chart illustrates the weighted average age of properties ("WAAP") profile of the Existing Portfolio and the Enlarged Portfolio as at 31 December 2015. The WAAP for the Existing Portfolio and the Enlarged Portfolio will also improve from approximately 9.3 years for the Existing Portfolio to approximately 9.1 years for the Enlarged Portfolio.



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 2015. They are classified as Indonesia Core Central Region (“**CCR**”), Indonesia Fringe Central Region, Indonesia Outside Central Region (“**OCR**”), Singapore and South Korea.

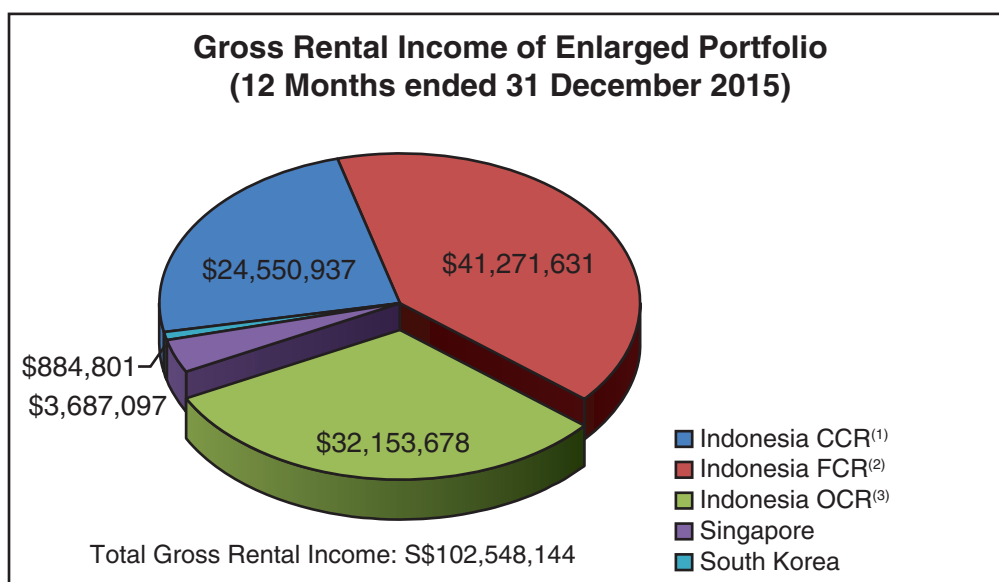
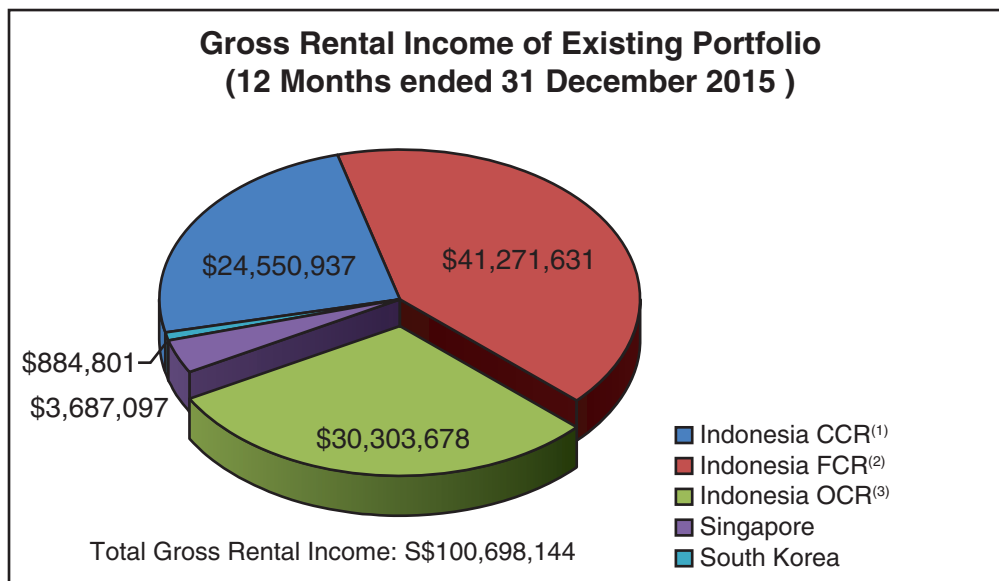


Notes:

- (1) Properties located in Indonesia CCR are namely Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Surabaya.
- (2) Properties located in Indonesia FCR are namely 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 Indonesia OCR are namely Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, 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 2.5% from 306,707 sq m to 314,311 sq m after the SHLB 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 2015.



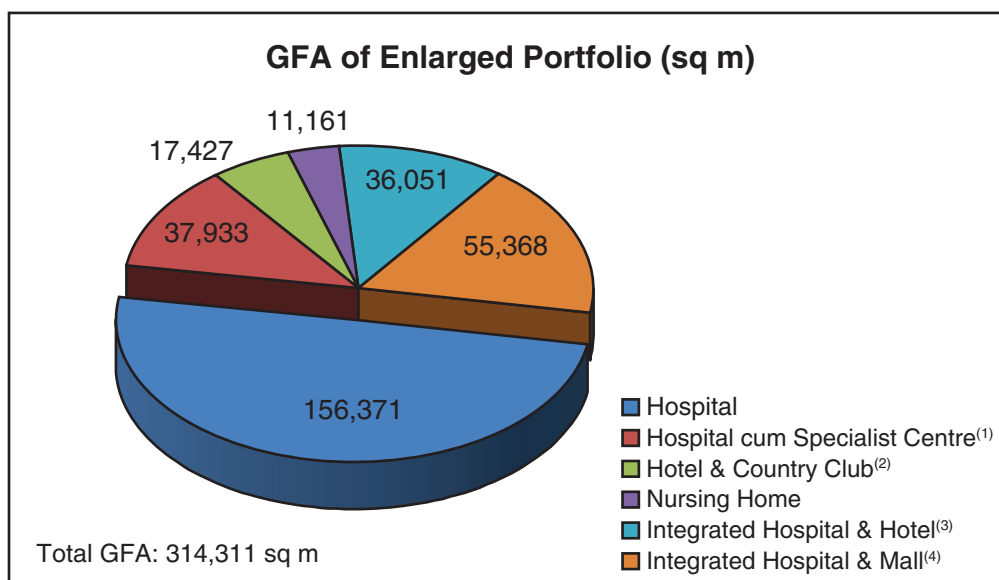
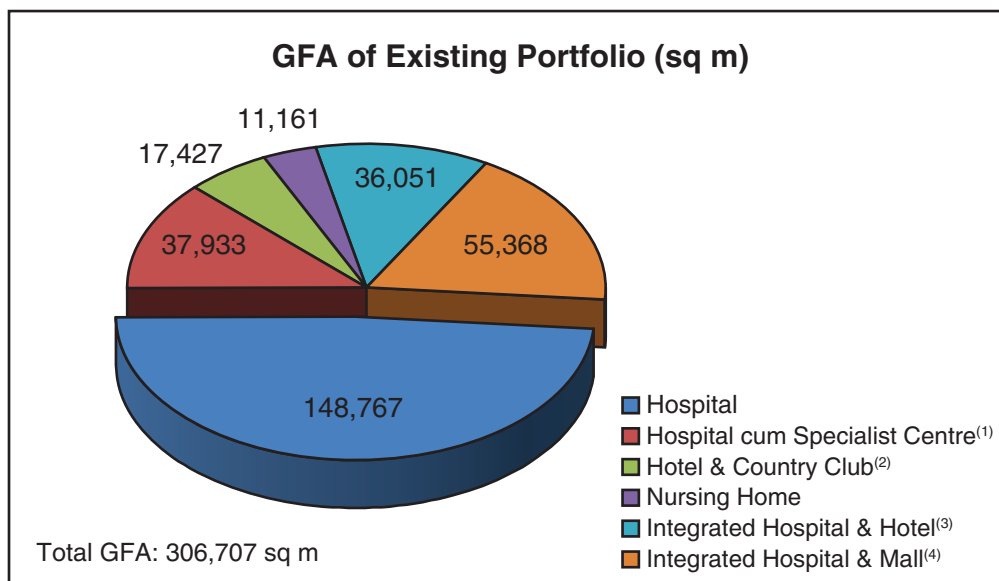
Notes:

- (1) Properties located in Indonesia CCR are namely Mochtar Riady Comprehensive Cancer Centre and Siloam Hospitals Surabaya.
- (2) Properties located in Indonesia FCR are namely 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 Indonesia OCR are namely Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club.

The Enlarged Portfolio's gross rental income from the Indonesia OCR will be S\$32,153,678 compared to S\$30,303,678 for the Existing Portfolio. This is an increase of 6.1%.

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 2015.

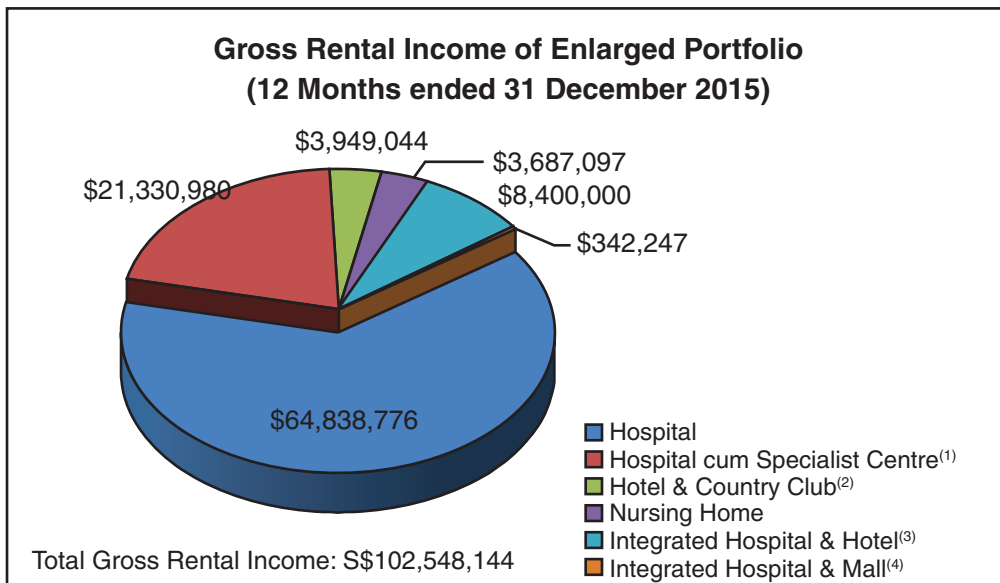
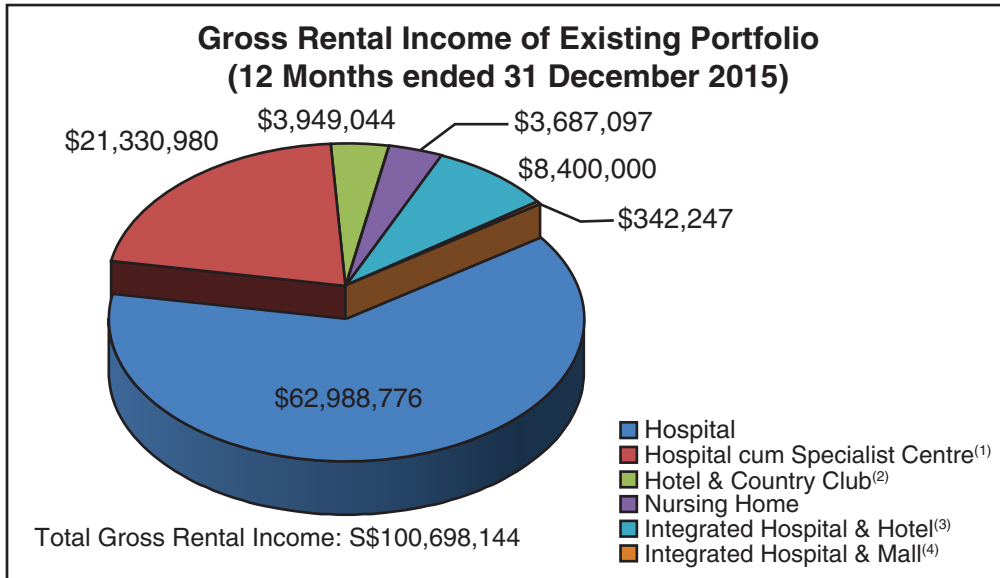


Notes:

- (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 & Hotel.
- (4) Siloam Hospitals Kupang & Lippo Plaza Kupang is classified as Integrated Hospital & Mall.

The GFA of the Hospital asset classification in the Enlarged Portfolio increased by 5.1% from 148,767 sq m to 156,371 sq m after the SHLB 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 2015.



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 & Hotel.
- (4) Siloam Hospitals Kupang & Lippo Plaza Kupang is classified as Integrated Hospital & Mall.

The Enlarged Portfolio's gross rental income from the Hospital asset classification will be S\$64,838,776 compared to S\$62,988,776 for the Existing Portfolio. This is an increase of 2.9%.

VALUATION SUMMARY REPORTS

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)

VALUATION OF
FINANCIAL INTEREST IN SILOAM HOSPITALS LABUAN BAJO
Jalan Gabriel Gampur, RT.013/RW.005, Dusun V,
Gorontalo Sub-District, Komodo District,
West Manggarai Regency, East Nusa Tenggara Province, Indonesia

No. Report : RHR00R1P10160190B
Date : 25 October 2016



KJPP RHR

KJPP Rengganis, Hamid & Rekan

Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja Negara Republik Indonesia



KJPP RHR

KJPP Rengganis, Hamid & Rekan
Izin Usaha KJPP No. 2.09.0012
Penilaian Properti, Bisnis & Konsultansi
Wilayah Kerja Negara Republik Indonesia

To : HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of First Real Estate Investment Trust)
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

Our Ref. : RHR00C1P04160500
Date : 25 October 2016
No. Report : RHR00R1P10160190B

Bowsprit Capital Corporation Limited
As Manager of First Real Estate Investment Trust
50 Collyer Quay
#06-01 OUE Bayfront
Singapore 049321

**VALUATION OF FINANCIAL INTEREST IN
SILOAM HOSPITALS LABUAN BAJO
Jalan Gabriel Gampur, RT.013/RW.005, Dusun V,
Gorontalo Sub-District, Komodo District,
West Manggarai Regency, East Nusa Tenggara 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") under contract No. RHR00C1P04160500 dated 6 April 2016 to advise on the Market Value of Financial Interest of land and building components and Indicative Reinstatement Value of Siloam Hospitals Labuan Bajo ("SHLB") which is bounded under a proposed Master Lease Agreement ("MLA"), located on Jalan Gabriel Gampur, RT.013/RW.005, Dusun V, Gorontalo Sub-District, Komodo District, West Manggarai Regency, East Nusa Tenggara Province, Indonesia, we hereby declare that we have completed our inspection and analysis, and submit the formal valuation report for your consideration.

1. Introduction

This assignment has been carried out by an independent valuer who is a Public Valuer in KJPP Rengganis, Hamid & Rekan-KJPP RHR (previously PT Heburinas Nusantara). KJPP RHR is an independent valuation firm registered in Indonesian Appraisers Society (Masyarakat Profesi Penilai Indonesia), provided with a business permit from the Ministry of Finance and registered in OJK "Otoritas Jasa Keuangan" previously Bapepam-LK (Securities Exchange Commission "SEC"). Partners of KJPP-RHR have been registered in the Ministry of Finance and OJK.

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

2. Client and Intended User

The Client is HSBC as Trustee of First REIT and the intended users are the Client, Bowsprit Capital Corporation Limited (as Manager of First Real Estate Investment Trust).

3. Purpose and Objective of Valuation

We understand that the purpose of this assessment is to form an opinion of Market Value for sale and purchase and an Indicative Reinstatement Value for insurance purpose.

4. The Subject Property

The subject property is a Financial Interest in land and building component of Siloam Hospitals Labuan Bajo ("SHLB") which is bounded under MLA (still in finalization stage). SHLB has a maximum capacity of 153 beds. The land area of SHLB is about 2,837 sqm and the gross floor area is about 7,604 sqm. It is located at Jalan Gabriel Gampur, RT.013/RW.005, Dusun V, Gorontalo Sub-District, Komodo District, West Manggarai Regency, East Nusa Tenggara Province, Indonesia.

5. Ownership Right and Type

The subject property is based on a proposed MLA which covers a hospital building (real property). The land ownership of hospital building is individual type and covered by 1 (one) Right to Build Certificates (Sertipikat Hak Guna Bangunan- "SHGB") registered under the name of PT. Pancuran Intan Makmur.

6. Basis of Valuation

This valuation is prepared according to the Indonesian Valuation Standards (SPI – Standar Penilaian Indonesia) in which the appropriate basis for this valuation is the Market Value and Reinstatement Value. The Indonesian Valuation Standards defines the Market Value, Reinstatement 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)

Market value refers and reflects the actual value regardless of any tax liability or cost associated with these sales transactions. The property is valued based on the assumption that it is free and clear all mortgages, encumbrances, and other outstanding premiums and charges.

The above stated basis is also consistent with Fair Value measurement as defined in Singapore Financial Reporting Standard 113.

Reinstatement Value

"The estimated cost to replace, repair, or rebuild the insured property to a condition substantially the same as, but not better or more extensive than, its condition when new". (SPI 102-3.9)

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 option 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 – Type of Property 5.1)

7. Date of Valuation

The valuation date is 19 October 2016. The inspection date is 28-29 April 2016.

8. Currency

We have valued the property in Singapore Dollar currency since the rental revenue is in Singapore Dollar. However, the operating asset generates income in Rupiah and for variable rent conversion to Singapore Dollar we used fixed exchange rate of SGD1 = Rp9,400.00/- as stated in the signed term sheet dated 25 October 2016 and the proposed MLA. For your information, the exchange rate at the date of valuation is SGD1 = Rp9,376.12/- (middle rate).

9. Depth of Investigation

The valuation is conducted with limitation of investigation as follows:

- a. The investigation is carried out through the process of data collection by doing the inspection, calculation, and analysis;
- b. We have done the investigation, calculation and analysis and assumed there is no hidden information or deliberately hidden information.

10. Reliable Information Data

Data from the following reliable domestic and international sources, that have not been independently verified, were relied upon in the preparation of this valuation report:

- Bank Indonesia
- Indonesia Stock Exchange or other countries
- The Central Bureau of Statistics
- Data research from independent institution.
- Information from the electronic media.

11. Term on Approval for Publication

The valuation report and / or the attached references are only intended for the Client and Intended User as stated in this scope of work. The use of this report beyond the scope of work must be approved by KJPP RHR and the Client.

12. Assumption of Valuation

Our valuation is subject to the followings:

- 1) The date of inspection is before the valuation date, therefore in this valuation we have assumed that there is no significant change in subject property between the date of valuation and the date of inspection.
- 2) 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.
- 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 signed term sheet dated 25 October 2016 and proposed MLA. In this valuation we have assumed that the Lessee will fulfil their liabilities until the end of contract.
- 5) The proposed MLA will be materialized with exact same terms specified in the draft.
- 6) We understand that sustainability of the MLA is critical in this discounted cash flow valuation. We have capitalized the contractual rent based on special assumption that the contract will be automatically renewed under similar terms upon expiry.
- 7) The subject property is located within a proposed mixed-use development complex, with shared access from the main road. We have assumed that car parking for the hospital visitors will be provided by the existing car park lots located within the proposed mixed-use development complex.

13. Valuation Approach

In this valuation, we have adopted Income Approach with Discounted Cash Flow Method for Market Value and Cost Approach for Indicative Reinstatement Value.

14. Confirmation on Indonesian Valuation Standards

The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with the Indonesian Valuation Standards and Valuer Ethic Codes (KEPI & SPI 6th Edition - 2015).

15. Valuation Conclusion

Having considered all relevant information and prevailing market conditions, we are of the opinion that Market Value of Financial Interest in land and building components of SHLB located on Jalan Gabriel Gampur, RT.013/RW.005, Dusun V, Gorontalo Sub-District, Komodo District, West Manggarai Regency, East Nusa Tenggara Province, Indonesia, as of 19 October 2016 is:

SGD20,500,000/-

(TWENTY MILLION FIVE HUNDRED THOUSAND SINGAPORE DOLLARS)

By using exchange rate as of date of valuation SGD1 = Rp9,376.12/- the Market Value is:

Rp192,200,000,000/-

(ONE HUNDRED NINETY TWO BILLION TWO HUNDRED MILLION RUPIAHS)

Yours faithfully,

Jakarta, 25 October 2016

KJPP Rengganis, Hamid & Rekan

 **KJPP Rengganis, Hamid & Rekan**

Rengganis Kartomo, MAPPI (Cert.)

Managing Partner – Property and Business Valuer



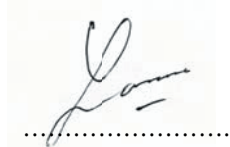


Licensed Valuer No. PB-1.08.0006

MAPPI No. 95-S-00632

COMPLIANCE STATEMENT

Within the limitations of our ability and belief, we the undersigned declare that:

1. The statement in this report, which are based on the analysis, opinions and conclusions described therein, are to the best of our knowledge true and correct.
2. The report explains the limiting conditions and disclaimer that may have influenced the aforementioned analysis, opinion and conclusions.
3. We have no present or contemplated future interest in the property that is subject of this appraisal, nor have personal interests or bias to respect of the subject matters of this valuation or the parties involved.
4. The professional fee is not related with the opinion of value as stated in this report.
5. The Valuers have already accomplished professional education requirements defined/implemented by MAPPI (Masyarakat Profesi Penilai Indonesia).
6. The Valuers possess adequate understanding regarding the location and/or the type of property under valuation.
7. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
8. The Valuers compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of the stipulated result, or the occurrence of a subsequent event directly related to the intended use of this valuation.
9. The Valuers have carried out the following scope of work:
 - Problem identification (identifying the limitation, property rights, purpose and objective, definition of value, date of valuation);
 - Data collection and property inspection;
 - Data analysis;
 - Value estimation using suitable approaches;
 - Report writing.
10. No one other than the undersigned Valuers were involved in the inspection, analysis, conclusion, and opinions concerning the property that are set forth in this valuation report.
11. The Valuer's analysis, opinions, and conclusions, together with the report have been prepared in conformity with the Indonesian Valuation Standards and Valuer Ethic Codes (SPI 6th Edition - 2015).

Name	Qualification	Signatures
<i>Job Captain:</i>		
Rengganis Kartomo, MAPPI (Cert.) Licensed Valuer No. PB-1.08.00006 MAPPI No. 95-S-0632	Property & Business Valuer	
<i>Reviewer :</i>		
Vivien Heriyanthi, MAPPI (Cert.) Licensed Valuer No. PB-1.09.00263 MAPPI No. 00-S-1256	Property & Business Valuer	
<i>Valuer:</i>		
Amalaura Dienaulie MAPPI No. 12-T-03896	Property Valuer	
Agus Herianto MAPPI No. 15-P-05897	Property Valuer	
Hananda Ryno MAPPI No. 16-P-06710	Property Valuer	

VALUATION CERTIFICATE OF SILOAM HOSPITALS LABUAN BAJO

General Description of Property	Property Identification	Market Value as of 19 October 2016
<p><u>Property Brief</u></p> <p>The subject property is a Financial Interest in land and building component of SHLB. SHLB is a private hospital with a gross floor area of about 7,064 square meters and maximum capacity of 153 beds.</p> <p><u>Location</u></p> <p>SHLB is a hospital located at Jalan Gabriel Gampur, RT.013/RW.005, Dusun V, Gorontalo Sub-District, Komodo District, West Manggarai Regency, East Nusa Tenggara Province, Indonesia. SHLB are located on the north side of Jalan Gabriel Gampur or within radius of:</p> <ul style="list-style-type: none"> about 300 meters to the northeast of the intersection between Jalan Gabriel Gampur and Jalan Soekarno Hatta; about 1,3 kilometers to the southwest of Komodo Airport; about 1,3 kilometers to the west of Bupati Office of West Manggarai; about 1,6 kilometers to the southeast of Labuan Bajo Port. 	<p><u>Site Details and Tenure</u></p> <p>The site of subject property is rectangular shape with land area of about 2,837 sqm. It is generally flat and the same height as Jalan Gabriel Gampur.</p> <p>The land is covered with 1 (one) Right to Build Certificate (Sertipikat Hak Guna Bangunan – “SHGB”) No.00029 registered under the name of PT Pancuran Intan Makmur. It was issued on 11 May 2016 and will expire on 11 May 2045 with a land area of 2,837 sqm.</p> <p><u>Town Planning</u></p> <p>Zoning : Residential and Public Facilities</p> <p>Site coverage (KDB) : 60 %</p> <p>Plot ratio (KLB) : Not Regulated</p> <p>Height limitation : Not Regulated</p> <p>The building is covered with the following permits:</p> <ul style="list-style-type: none"> IMB No. BMPPT.503.640/IMB/104/VI/2015 issued on 22 June 2015 registered under the name Agustinus H. Manulang (PT Pancuran Intan Makmur) which cover the hospital building area of about 6,524 square meters. IMB No.BMPPT.503.640/IMB/023/VII/2016 issued on 14 July 2016 registered under the name Agustinus H. Manulang (PT Pancuran Intan Makmur) which cover the hospital building area of about 725 square meters. Hospital Operational Permit No. IF8.P.DJ.423.5315.GIL2 issued on 23 November 2015 registered under the name PT Pancuran Intan Makmur. <p><u>Building Description</u></p> <p>The building comprises 3-storeys. The gross floor area of SHLB is about 7,604 square meters. As of inspection, we found that the building was generally in good condition.</p> <p>The building completed its construction in the 4th quarter of 2015.</p>	<p><u>Siloam Hospitals Labuan Bajo</u></p> <p>SGD20,500,000/- (TWENTY MILLION FIVE HUNDRED THOUSAND SINGAPORE DOLLARS)</p> <p>By using exchange rate as of date of valuation SGD1 = Rp9,376.12/- the Market Value is:</p> <p>Rp192,200,000,000/- (ONE HUNDRED NINETY TWO BILLION TWO HUNDRED MILLION RUPIAHS)</p>

VALUATION CERTIFICATE

Property	: Land and hospital building of Siloam Hospitals Labuan Bajo Located at Jalan Gabriel Gampur, RT 013/RW 005, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur - Indonesia
Client	: Bowsprit Capital Corporation Limited (as Manager of First Real Estate Investment Trust).
Legal Description	: Sertifikat Hak Guna Bangunan/SHGB (Rights to Build) No. 00029/Gorontalo. (Land Area = 2,837 square meters).
Basis of Valuation	: Market Value.
Registered Owner	: PT Pancuran Intan Makmur.
Land Area	: 2,837 square meters.
Building Area	: 7,604 square meters.
Town Planning Zoning	: Hospital Use.
Brief Description	: The Subject Property is land and building of a hospital building, known as "Siloam Hospitals Labuan Bajo". The building is three storey high and can house a maximum of 153 beds. It was completed in 2015.
Valuation Approach	: Income Approach
Date of Valuation	: 19 October 2016
Market Value	: SGD 20,580,000 (Singapore Dollars Twenty Million Five Hundred Eighty Thousand)
Reflecting	: Rp192,960,446,700
Rate 1 SGD	: Rp9,376.115
Prepared By	: KJPP Rinaldi Alberth Baroto & Rekan



Alberth, ST, MAPPI (Cert.)
Managing Partner
Valuer License No. P-1.10-00287

INDONESIA HEALTHCARE MARKET REVIEW REPORT

F R O S T & S U L L I V A N

Independent Market Research on the Healthcare Services market in Labuan Bajo

Executive Summary

22 July 2016

The market research process for this study has been undertaken through secondary/desktop research as well as primary research, which involves discussing the status of the industry with leading participants and experts. The research methodology used is the Expert Opinion Consensus Methodology. Quantitative market information was sourced from interviews by way of primary research, and therefore, the information is subject to fluctuations due to possible changes in the business and industry climate. Frost & Sullivan's estimates and assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain since we also track the healthcare industry.

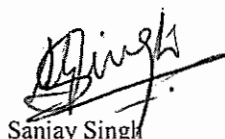
Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

This study has been prepared for inclusion in the Circular to Unitholders ("**the Circular**") as prepared by Bowsprit Capital Corporation Limited ("**the Company**") in relation to the Proposed Acquisition and Master Lease of Siloam Hospitals Labuan Bajo.

Save for the inclusion of this study in the Circular issued by the Company (as reviewed by Frost & Sullivan), no part of it may be otherwise given, lent, resold, or disclosed to non-customers without our written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without our permission.

Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of Healthcare Services market in Labuan Bajo in Indonesia within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in it or otherwise.

Authorized Signatory



Sanjay Singh

Vice President

Frost & Sullivan (S) Pte Ltd

100 Beach Road #29-01/11 Shaw Tower

S (189702)

EXECUTIVE SUMMARY

This report focuses on the Healthcare Services industry in the West Manggarai Regency with an emphasis on Labuan Bajo, to study the existing state of healthcare providers, current patient profiles and the opportunity for Siloam Hospitals Labuan Bajo (SHLB), currently operating in Labuan Bajo and held under Siloam Hospitals Group (SHG).

The West Manggarai Regency is located in Indonesia, at the westernmost region of East Nusa Tenggara province. It shares its borders with Manggarai Regency in the East, Sape Strait in the West, the Flores Sea on the North, and Savu Sea in the South. It is one of the 8 regencies of Flores Islands and the capital of West Manggarai is the town of Labuan Bajo.

In Indonesia, a health insurance scheme implemented at the national level known as the National Health Insurance (“JKN”), is administered by BPJS Kesehatan, covering nearly 163 million participants as of March 2016. This represents approximately 65% of the total Indonesian population and is an integrated healthcare scheme that covers two categories of participants:

- **Contribution Assisted Recipients (PBI)** - Low-income earners, where their income is only sufficient to meet their basic needs and are incapable of paying the BPJS fee. This also includes people living below the poverty line who do not possess a source of income. This group is excluded from paying monthly fees for BPJS.
- **Non PBI**- Population living above the poverty line and foreign citizens residing in Indonesia and having worked in Indonesia for at least six months are eligible for the healthcare insurance program

Hospitals are established at the regency level. Previously, West Manggarai was part of the Manggarai Regency with Ruteng as its capital city; Ruteng was therefore chosen as the location to have a hospital. Due to regional expansion over the past seven years though, West Manggarai itself has now been classified as a regency. Since the reclassification, no hospitals were built at Labuan Bajo until SHG established SHLB. SHLB commenced operations in mid-January 2016.

SHLB is the first hospital in the West Manggarai Regency that provides quality healthcare to the population in the area. SHLB will be the first to offer diagnostic services such as CT scans, as well as comprehensive ICU services, surgery, obstetrics & gynecology, internal medicine and will house a blood bank (current patients wait 6 hours for a transfusion as there are no refrigeration facilities available in the local polyclinic or Puskesmas).

SHLB is anchored by a four-pillar synergized strategy comprising:

- **Excellence in Emergency Services:** SHLB is the only hospital in West Manggarai to be established with a rapid response system supported with an emergency hotline
- **Comprehensive Equipment and Technologies:** Equipped with diagnostic technologies including a 16-slice CT scanner, X-ray machine and reverse osmosis for hemodialysis
- **Utilization of healthcare IT and telemedicine:** Currently doctors liaise with Siloam Hospitals in Kupang. When telemedicine becomes available then doctors can conduct consultations remotely across Indonesia
- **Robust doctor partnership program:** Attractive remuneration package and employee benefits

SHLB has several other strengths such as:

- **Strong brand name:** The Siloam Hospitals brand name is trusted and associated with quality
- **Integrated infrastructure and talent pool:** SHLB will be able to communicate with other SHG hospitals to determine the best treatment solutions for patients through telemedicine

- **First blood bank in the regency:** SHLB has established the first blood bank and hemodialysis centre in the West Manggarai Regency
- **Strong support from the government:** Part-time specialists have been recommended and provided by the Regent
- **Accident and Emergency Department:** SHLB is the only hospital equipped with a rapid response ambulance and an emergency hotline
- **Large storage facility:** SHLB has a large storage facility for pharmaceutical products that Puskesmas and other clinics presently do not have. This translates to a more stable and reliable supply of drugs, and therefore medical services, for patients under its care

There are several opportunities that SHLB will tap into, including:

- **Referral network:** SHLB has the ability to create ties with the government and the health authority in Labuan Bajo due to its first-mover advantage. This advantage can be used to develop a referral network with all Puskesmas and polyclinics in the area
- **Referral hospital:** SHLB can be a referral hospital for the entire Manggarai Regency; the entire Manggarai Regency currently has two hospitals. There are no hospitals in East Manggarai Regency as of July 2016

Weaknesses identified with regard to SHLB include:

- **Siloam as a brand is perceived by most locals to be an expensive chain of hospitals:** Low to middle income earners may be discouraged to seek treatment due to the perceived high treatment cost at SHG's hospitals, however the affluent population in Labuan Bajo and the immediate region will also see this as a strength and as a pull to be treated nearby instead of flying to Bali or Jakarta
- **Shortage of skilled healthcare talent:** shortage of nurses could reduce SHLB's operational capacity as the hospital may be unable to accept more inpatients
- **Limited capacity:** Puskesmas can only handle 155 outpatients each day and has only 30 rooms. At present, SHLB is not operating at full capacity and so as to not provide less than perfect healthcare service, it has to turn away patients. As residents have a limited understanding of the internal management processes of SHLB, this may be misinterpreted as SHLB not wanting to serve BPJS patients

SHLB will also face threats such as:

- **Patients averse to change:** It may be a challenge for SHLB to penetrate the segment of the population who are averse to switching to other healthcare providers. Locals typically visit polyclinics and Puskesmas for outpatient conditions. Hence, SHLB could be the last resort for locals to seek treatment
- **Other hospitals:** There is one D-category hospital (RSUD Pratama Komodo) under construction. Referrals from Puskesmas could go to either RSUD Pratama Komodo or SHLB

To address these threats and weaknesses, SHLB has created marketing strategies to strengthen its market positioning. To appeal to all segments of the population, SHLB will conduct ambulance patrols and also reach out to religious communities in order to raise awareness about SHLB's medical facilities and availability of BPJS scheme to the local population. In addition, SHLB also participated in Tour De Flores; such participation raises the awareness of Siloam's in Eastern Indonesia amongst tourists if they plan to travel to Flores in the future.

In conclusion, SHLB is the first hospital in West Manggarai, giving the hospital a competitive first-mover advantage. In line with SHG's vision to provide affordable, accessible care to all Indonesians coupled with competent medical personnel as well as comprehensive medical equipment and technology, SHLB will be able to gain a sizeable market share of West Manggarai Regency given its enormous potential from population growth and influx of tourists.

INDEPENDENT FINANCIAL ADVISER'S LETTER

IFA LETTER

STIRLING COLEMAN CAPITAL LIMITED

(Company registration no.:200105040N)

4 Shenton Way #07-03
SGX Centre 2
Singapore 068807

9 December 2016

To: The Independent Directors of
Bowsprit Capital Corporation Limited
(in its capacity as Manager of First Real Estate Investment Trust) (the "**Manager**") and

HSBC Institutional Trust Services (Singapore) Limited
(in its capacity as trustee of First Real Estate Investment Trust) (the "**Trustee**"):

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S ADVICE IN RESPECT OF:

- (1) THE PROPOSED ACQUISITION BY FIRST REAL ESTATE INVESTMENT TRUST ("FIRST REIT") OF SILOAM HOSPITALS LABUAN BAJO ("SHLB") FROM AN INTERESTED PERSON (THE "SHLB ACQUISITION"); AND
- (2) THE PROPOSED MASTER LEASE IN RESPECT OF SHLB TO AN INTERESTED PERSON (THE "SHLB MASTER LEASE")

(COLLECTIVELY THE "IPT TRANSACTION(S)").

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 9 December 2016 to the Unitholders of First REIT (the "**Circular**").*

1 INTRODUCTION

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

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.

In furtherance of this growth strategy, First REIT is seeking to enter into the proposed IPT Transactions comprising:

(a) The SHLB Acquisition

First REIT is seeking to acquire SHLB for a total consideration of Rp.188.00 billion (S\$20.00 million)¹, including the applicable land and building acquisition tax (*Bea Perolehan Hak Atas Tanah dan Bangunan*) (“**BPHTB**”, and collectively, the “**SHLB Total Consideration**”)² from PT Pancuran Intan Makmur (the “**Vendor**”), which directly wholly-owned SHLB and is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk, the sponsor of First REIT (the “**Sponsor**”).

(b) The SHLB Master Lease

The proposed master lease of SHLB to the Sponsor and PT Lintas Buana Jaya (“**Siloam Lessee**”, together with the Sponsor, the “**Master Lessee**”) for a lease term of 15 years, commencing from the date of completion of the SHLB Acquisition with an option to renew for a further term of 15 years exercisable at the option of the Master Lessees.

1.1 Interested Person Transactions requiring Unitholders’ approval

As at 1 December 2016, being the latest practicable date prior to the printing of the 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) 33.11% 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 of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix.

The Vendor, being an indirect wholly-owned subsidiary of the Sponsor, and the Siloam Lessee being an indirect subsidiary of the Sponsor (which in turn is a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person and Interested Party of First REIT. As such, the SHLB Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and also an Interested Party Transaction under paragraph 5 of the Property Funds Appendix for which Unitholders’ approval is required. The SHLB Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders’ approval is acquired.

2 TERMS OF REFERENCE

Stirling Coleman has been appointed to advise the Independent Directors and the Trustee on whether the IPT Transactions are (a) on normal commercial terms and (b) are prejudicial to the interests of First REIT and its minority Unitholders.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the IPT Transactions and their advice and recommendation to the minority Unitholders in respect thereof and for compliance by First REIT with Rule 921(4) of the Listing Manual. The recommendations made to the minority Unitholders in relation to the IPT Transactions remains the responsibility of the Independent Directors. This Letter is further given for the benefit of HSBC Institutional Trust Services (Singapore) Limited, as Trustee of First REIT.

We were not involved in any aspect of the negotiations in relation to the IPT Transactions, nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the IPT Transactions, and we do not, by this Letter or otherwise, advise or form any judgement on the merits of the IPT Transactions other than to form an opinion, as to whether the IPT Transactions, are based on normal commercial terms and prejudicial to the interests of First REIT and its minority Unitholders.

We have confined our evaluation to the financial terms of the IPT Transactions and our terms of reference do not require us to evaluate or comment on the risks and/or merits of the IPT

¹ Based on an illustrative rupiah exchange rate of S\$1.00 to Rp.9,400 as at 7 November 2016 (the “**Illustrative Rupiah Exchange Rate**”). Unless otherwise stated, all conversions of Rp. amounts into S\$ in this Letter shall be based on the Illustrative Rupiah Exchange Rate.

² The SHLB Total Consideration is inclusive of the applicable BPHTB and exclusive of the value-added tax (“**VAT**”) to be paid to the relevant tax office by PT PLB.

Transactions or the future prospects of First REIT, including whether the IPT Transactions are commercially desirable or justifiable, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and the management of the Manager, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter. Accordingly, it is not within our scope to conduct a comprehensive independent review of the business, operations or financial condition of First REIT.

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

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

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

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

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

Our recommendation in respect of the IPT Transactions as set out in Appendix D of the Circular, should be considered in the context of the entirety of this Letter and the Circular. Where information in this Letter has been extracted from the Circular, minority Unitholders are urged to read the corresponding sections in the Circular carefully.

3 INFORMATION ON THE SHLB ACQUISITION

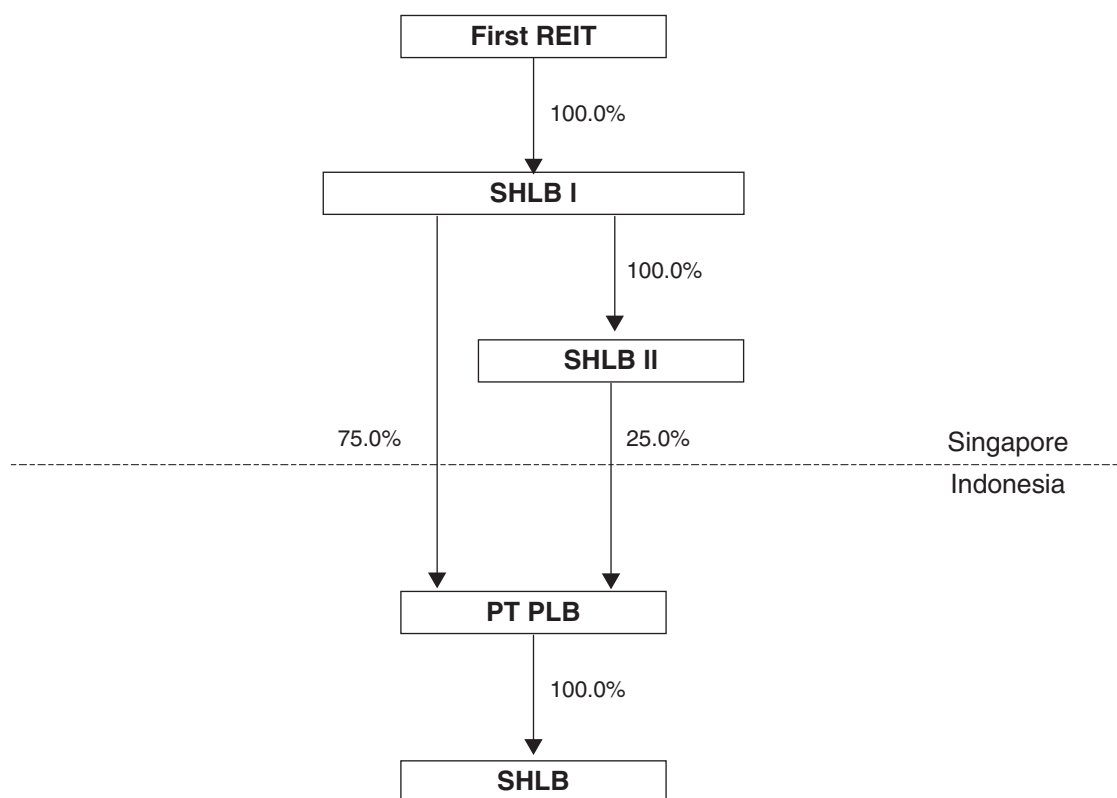
Detailed descriptions of the SHLB Acquisition are set out in **Section 2** of the Circular. We recommend that the Independent Directors advise minority Unitholders to read **Section 2** of the Circular very carefully.

3.1 Detail and Structure of the SHLB Acquisition

First REIT is seeking to acquire SHLB for the SHLB Total Consideration of Rp.188.00 billion (S\$20.00 million) from the Vendor, which directly wholly-owns SHLB and is an indirect wholly-owned subsidiary of the Sponsor. For purposes of the SHLB Acquisition, First REIT has incorporate SHLB Investment I Pte. Ltd., a wholly-owned subsidiary incorporated in Singapore (“**SHLB I**”), for a nominal consideration of S\$1.00. SHLB I in turn incorporated SHLB Investment II Pte. Ltd., a wholly-owned subsidiary incorporated in Singapore (“**SHLB II**”), for a nominal consideration of S\$1.00. SHLB I and SHLB II respectively own 75.0% and 25.0% of the issued share capital of PT Prima Labuan Bajo, a limited liability company incorporated in Indonesia (“**PT PLB**”). First REIT, through PT PLB, has entered into a conditional sale and purchase agreement with the Vendor (the “**SHLB CSPA**”) on 7 November 2016 pursuant to which PT PLB proposes to acquire SHLB at the SHLB Total Consideration.

Under Indonesian law, First REIT would not be considered a legal entity, and therefore it may not directly own land in Indonesia or shares in an Indonesian limited liability company. In addition, pursuant to Indonesian Company Law, an Indonesian limited liability company must be owned by at least two entities. First REIT will, upon acquiring SHLB, indirectly hold SHLB through PT PLB under one “Right to Build” (Hak Guna Bangunan or “**HGB**”) title certificate which will expire on 11 May 2045.

The following chart sets out the structure under which SHLB will be held by First REIT upon completion of the SHLB Acquisition:



3.2 Description of the Property and SHLB

SHLB, which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a newly built three-storey hospital with a maximum capacity of 153 beds that commenced operations in mid-January 2016. SHLB has a total Gross Floor Area (“**GFA**”) of 7,604 sq m.¹. SHLB is a Centre of Excellence for Emergency

¹ Vehicle access road and open air parking for SHLB is available on the adjacent land which is owned by the Sponsor. Pursuant to the SHLB CSPA, for so long as PT PLB is the owner of SHLB, the Vendor will, among others, provide and guarantee the availability of the vehicle access and open air parking lot on the adjacent land owned by the Sponsor for visitors to SHLB and the operations of SHLB and the function of such access road and open air parking lot for proper and convenient use without any obstacle and/or disruption and will not conduct any action or enter into any agreement or arrangement with any party that may limit or restrict the availability of such vehicle access and open air parking lot to visitors to SHLB and for the operations of SHLB.

medicine, Internal medicine and Neuroscience. Some of the medical facilities available at SHLB include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

SHLB is erected on land with a total land area of 2,837 sq m as specified in Right-to-Build Certificate No. 00029/Desa Gorontalo. Further details about SHLB is set out in **APPENDIX A** of the Circular.

3.3 Valuation

The SHLB Total Consideration was arrived at on a willing-buyer willing-seller basis after taking into account two independent valuations of SHLB. The Independent Valuers, Rengganis and Alberth, were commissioned by the Trustee and the Manager, respectively.

The valuations were derived by Rengganis and Alberth using the income approach utilising the discounted cash flow method for Market Value of the subject property as such property will be under a master lease agreement with the Master Lessees. This approach considers the subject property as an income producing property

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

Appraised Value		SHLB Total Consideration (S\$ million)
By Rengganis as at 19 October 2016 (S\$ million)	By Alberth as at 19 October 2016 (S\$ million)	
20.50	20.58	20.00

The SHLB Total Consideration represents a discount of 2.82% to the higher of the two independent valuations of SHLB and a discount of 2.63% to S\$20.54 million, which is the average of the two independent valuations of SHLB.

Details of the valuation of the Property are set out in **APPENDIX B** of the Circular. We recommend that the Independent Directors advise minority Unitholders to read **APPENDIX B** of the Circular very carefully.

3.4 Estimated Total Acquisition Cost for First REIT

The SHLB Acquisition Cost to be incurred by First REIT is currently estimated to be approximately S\$20.75 million comprising:

- (i) the SHLB Total Consideration of S\$20.0 million;
- (ii) the SHLB Acquisition Fee of S\$200,000¹ payable to the Manager pursuant to Clause 14.2.1 of the Trust Deed which is payable in the form of the SHLB Acquisition Fee Units; and
- (iii) the professional and other fees and expenses incurred or to be incurred by First REIT in connection with the SHLB Acquisition of approximately S\$552,000².

3.5 Method of Financing the IPT Transactions

The SHLB Total Consideration will be paid in cash on the date of completion of the SHLB Acquisition. The SHLB Acquisition Cost (excluding the SHLB Acquisition Fee Units payable to the Manager) is expected to be financed via a combination of a drawdown from First REIT's committed debt facilities and internal cash. The final decision regarding the method of financing to be employed will be made by the Manager at the appropriate time taking into account the relevant market conditions.

As at the Latest Practicable Date, First REIT has an aggregate leverage of 30.0%. Under the Property Funds Appendix, First REIT's aggregate leverage may not exceed 45.0% of its Deposited Property³. Assuming that the SHLB Acquisition is financed 100.0% with borrowings, First REIT's

¹ Being 1.0% of the SHLB Total Consideration.

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

³ "Deposited Property" refers to the gross assets of First REIT, including First REIT's properties and authorised investments for the time being held or deemed to be held upon the trusts under the Trust Deed.

aggregate leverage will increase from 30.0% to approximately 31.2%, which is below the maximum aggregate leverage limit of 45.0% under the Property Funds Appendix.

3.6 Conditions Precedent for Completion of the SHLB Acquisition

The conditions precedent for the Completion of the SHLB Acquisition are set out in **Section 2.3** of the Circular. We recommend that the Independent Directors advise minority Unitholders to read **Section 2.3** of the Circular very carefully.

3.7 Completion

Completion of the sale and purchase of SHLB by PT PLB under the SHLB CSPA is expected to take place as soon as practicable after First REIT raises adequate proceeds for the SHLB Acquisition and after the conditions precedent set out in the SHLB CSPA have been fulfilled.

4 THE SHLB MASTER LEASE

Upon completion of the SHLB Acquisition, PT PLB (as the master lessor of SHLB) will enter into a master lease agreement (the “**SHLB Master Lease Agreement**”) with the Master Lessee.

Pursuant to the SHLB Master Lease Agreement, the SHLB Master Lease will be granted to Master Lessee for a lease term of 15 years, commencing from the date of completion of the SHLB Acquisition with an option to renew for a further term of 15 years exercisable at the option of the Master Lessee.

The principal terms of the SHLB Master Lease are set out in **Section 2.12** of the Circular. We recommend that the Independent Directors advise minority Unitholders to read **Section 2.12** in the Circular very carefully.

5 EVALUATION OF THE IPT TRANSACTIONS

5.1 Summary of analysis performed

In arriving at our opinion, as to whether the IPT Transactions, comprising (i) the SHLB Acquisition, and (ii) the SHLB Master Lease, are on normal commercial terms and are prejudicial to the interests of First REIT and its minority Unitholders, we have performed among other things, the following analysis:

The SHLB Acquisition

- Rationale for the SHLB Acquisition to assess whether they are prejudicial to the interests of First REIT and its minority Unitholders;
- Financial assessment of the SHLB Acquisition to evaluate the fairness of the SHLB Total Consideration;
- Review of the other commercial terms of the SHLB Acquisition;
- Review of the market conditions and prospects of the healthcare industry in Labuan Bajo, Indonesia;
- Review of the pro forma financial effects after the SHLB Acquisition on the Distribution Per Unit (“**DPU**”), Net Asset Value (“**NAV**”) per Unit and total capitalisation of First REIT as at 31 December 2015 and as at 30 September 2016; and
- Analysis of the pro forma distribution yield of First REIT as compared to other REITs listed on the SGX-ST.

The SHLB Master Lease

- Rationale for the SHLB Master Lease to assess whether the objectives of the SHLB Master Lease are prejudicial to interests of First REIT and its minority Unitholders;

- Analysis of the impact of the SHLB Master Lease on the property yield and the weighted average years to lease expiry of First REIT;
- Analysis of the key terms of the SHLB Master Lease as compared to other master lease agreements of properties used for healthcare and/or healthcare-related purposes owned by SGX-ST listed REITs;
- Review of the other commercial terms of the SHLB Master Lease; and
- Other considerations relating to the SHLB Master Lease.

We wish to highlight that by approving the SHLB Acquisition, Unitholders are also deemed to have approved the SHLB Master Lease.

5.2 Analysis on the SHLB Acquisition

5.2.1 Rationale for the SHLB Acquisition

The Manager's rationale for the SHLB Acquisition is set out in **Section 3** of the Circular. We reproduce below extracts relevant to the SHLB Acquisition:

Opportunity to purchase an attractive and high quality property in a new locality of Labuan Bajo, West Manggarai Regency, East Nusa Tenggara Province, Indonesia at a price below valuation

"The SHLB Acquisition represents an opportunity for First REIT to acquire a hospital that is attractive and high quality in a strategic location in Indonesia.

Previously a small fishing village, Labuan Bajo has now developed into an attractive tourist destination due to the diverse marine life in the area, which also serves as a launching point for trips to Komodo Island and Rinca Island.

SHLB is well-positioned for the low to middle income segment of the healthcare market.

Additionally, SHLB will be acquired at a discount of 2.63% to the average of the independent valuations of SHLB by Rengganis and Alberth.

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

First REIT's asset size will grow by 1.6% from S\$1.27 billion as at 31 December 2015 to S\$1.29 billion after the completion of the SHLB Acquisition. The value of First REIT's Deposited Property is expected to increase by 1.5% from S\$1.32 billion as at 31 December 2015 to S\$1.34 billion after the completion of the SHLB Acquisition and there will also be a 2.5% increase in the total GFA from 306,707 sq m before the SHLB Acquisition to 314,311 sq m after the completion of the SHLB Acquisition. The maximum number of hospital beds for the Indonesian Properties will increase by 4.7% from 3,283 to 3,436.

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 SHLB Acquisition is expected to benefit Unitholders by improving diversification of the source's of First REIT's Gross Rental Income due to diversification in geographical location through adding an asset to First REIT's portfolio in a new location where it does not currently own any assets, within the Indonesia Outside Central Region. With an enlarged asset base, the operator of SHLB will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

The SHLB Acquisition would enable First REIT to grow through the acquisition of a hospital which enhances the diversification of First REIT's portfolio across locations and medical specialisations

SHLB is located in Indonesia in which First REIT already operates and is an extension of First REIT's Existing Portfolio. Located in Labuan Bajo within the West Manggarai Regency, it is situated along Jl. Gabriel Gampur, approximately one kilometre away from Labuan Bajo Airport. Prior to the commencement of operations of SHLB, there was no hospital facility in Labuan Bajo. Labuan Bajo is a busy tourist location which is popular as a launching point for Komodo Island and Rinca Island, as well as snorkelling and diving sites around the surrounding islands.

SHLB is modern and is fitted with medical facilities which include, among others, emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography, 3-dimension echocardiography and 16-slice CT scanner. It is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience, while various medical services offered include mammography, cardiology, dentistry, dermatology, general surgery, haemodialysis, internal medicine, paediatrics, obstetrics and gynaecology, medical rehabilitation and physiotherapy, radiology and trauma.

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

Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio as SHLB is newly built

As at 31 December 2015, the weighted average age of properties of the Enlarged Portfolio will decrease by approximately 2.2% from 9.3 years from that of the Existing Portfolio to 9.1 years after the completion of the SHLB Acquisition."

5.2.2 Financial assessment of the SHLB Acquisition

Pursuant to the Property CSPA, the SHLB Total Consideration is approximately S\$20.00 million. In evaluating the reasonableness of the SHLB Total Consideration, we have considered the following factors which have a bearing on our assessment:

i) Basis for arriving at the SHLB Total Consideration

We note that the SHLB Total Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the two independent valuations of SHLB by Rengganis and Alberth, which were commissioned by the Trustee and the Manager respectively. The valuations were derived by Regannis and Alberth using the income approach with discounted cash flow method to determine the Market Value.

ii) Valuation of SHLB by the Independent Valuers

Two independent property valuers were appointed for the purpose of determining the Market Value of SHLB. The Market Values estimated by Regganis and Alberth are as at 19 October 2016.

Summarised versions of the valuation reports (the "Valuation Reports") are contained in **Appendix B** of the Circular, with the determined Market Values set out below:

Property	Appraised Value		SHLB Total Consideration (\$ million)
	By Rengganis as at 19 October 2016 (\$ million)	By Alberth as at 19 October 2016 (\$ million)	
SHLB	20.50	20.58	20.00

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

- The Valuation Report prepared by Regannis has adopted the "Market Value" basis in accordance with the Indonesian Valuation Standards (Standar Penilaian Indonesia / SPI).
- The Valuation Report prepared by Alberth has adopted the "Market Value" basis in accordance with the Indonesian Valuation Standards (Standar Penilaian Indonesia / SPI) Edition VI – 2015, and the International Valuation Standards (IVS).

- Based on the agreed SHLB Total Consideration of S\$20.00 million and the appraised values of SHLB of S\$20.50 million and S\$20.58 million by Regannis and Alberth respectively, we note that the SHLB Total Consideration is approximately 2.44% and 2.82% below the appraisal values of Regannis and Alberth respectively and approximately 2.63 % below the average of the two independent valuation for SHLB.

Further information regarding the Valuation Reports can be obtained throughout the Circular, in particular within **APPENDIX B** of the Circular. We recommend that the Independent Directors advise minority Unitholders to read these sections of the Circular carefully.

5.2.3 Other commercial terms of the Proposed Acquisition

i) **BPHTB and VAT**

BPHTB

The purchase of the land and building from the Vendor by PT PLB is subject to the land and building acquisition tax (*Biaya Perolehan Hak Atas Tanah dan Bangunan*) ("**BPHTB**") at the rate of 5%, whichever is higher between the purchase price or the sale value of the tax object as determined by the head of local government. The SHLB Total Consideration is inclusive of the BPHTB.

VAT

PT PLB will be charged value-added tax ("**VAT**") at the rate of 10% on the purchase of SHLB. The VAT charges by the Vendor will be treated as input VAT, which can be used to offset the output VAT from rental income of PT PLB.

Details of the BPHTB and VAT are set out in **APPENDIX F** of the Circular.

ii) **Indemnity in relation to the SHLB CSPA**

The Trustee has also entered into a deed of indemnity with PT WJP pursuant to which PT WJP will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHLB CSPA (the "**Deed of Indemnity**"). Certain condition of the Deed of Indemnity are set out in **Section 2.7** of the Circular.

5.2.4 Review of market conditions and prospects of the healthcare industry in Labuan Bajo, Indonesia

We were provided with a copy of the report entitled "Independent Market Research on the Healthcare Services Industry in the West Manggarai Regency, Indonesia – Focus on Labuan Bajo in the Komodo Sub-District" by Frost & Sullivan, dated 22 July 2016, in relation to which we note the following:

- West Manggarai Regency has healthcare facilities to treat basic outpatient diseases such as the flu, fever and respiratory infections. However, the region increasingly requires a comprehensive healthcare services provider to support the growing population and influx of tourists.
- SHLB targets all income earners from BPJS (Indonesian equivalent to Social Security and Health Insurance) cardholders to the affluent segment. High-income earners typically go to Bali for treatment. By providing premium services such as Deluxe, VVIP, and Presidential Suite wards, skilled medical
- personnel, and comprehensive medical services, Frost & Sullivan believes that SHLB is well positioned to penetrate this segment of the market.
- SHLB's marketing and advertising initiatives through the Tour De Flores, religious communities, and ambulance patrols are helping to strengthen its visibility and create brand awareness. The publicity efforts are also likely to alleviate any misconceptions among the middle to lower-income patients of SHLB as being "expensive and exclusive".
- While challenges such as operating at full capacity due to the scarcity of trained medical personnel exist, the SHLB is equipped to tackle them with a targeted recruitment strategy and

the upcoming implementation of telemedicine at its hospital. Furthermore, SHLB boasts of a growing team of highly-skilled doctors and nurses, excellence in emergency services, and is the first healthcare facility in the West Manggarai Regency to provide CT scan and haemodialysis services. In line with SHG's vision to provide affordable, accessible care to all Indonesians, Frost & Sullivan is optimistic that SHLB will be able to gain a sizeable market share of the West Manggarai Regency given its enormous potential from population growth and influx of tourists.

- Based on Frost & Sullivan survey finding and discussions with SHLB's management, SHLB is expected to have first-mover advantage as it is the first hospital to be established in the West Manggarai Regency. SHLB aims to become a referral point for other local healthcare services providers such as Puskesmas and polyclinics given their lack of facilities in terms of both doctors and medical devices. Other hospitals of the same regency such as RSUD Ruteng and RS Rafael Cancar do not have extensive medical equipment and skilled manpower. This presents SHLB with a valuable opportunity to attract locals from other regencies to carry out treatment at the hospital in addition to receiving referrals from RSUD Ruteng and RS Rafael Cancar.

Further information regarding the "Independent Market Research on the Healthcare Services Industry in the West Manggarai Regency, Indonesia – Focus on Labuan Bajo in the Komodo Sub-District" can be obtained within **Appendix C** of the Circular. We recommend that the Independent Directors advise Unitholders to read **Appendix C** of the Circular carefully.

5.2.5 Review of the pro forma financial effects of the SHLB Acquisition

The pro-forma financial effects of the SHLB Acquisition are set out in **Section 5** of the Circular, and are reproduced below. We note that assumptions were made for the purposes of analysing the pro-forma financial effects. We recommend that the Independent Directors advise minority Unitholders to read these assumptions carefully, and take them into consideration when considering the financial effects.

The Pro Forma Financial Effects are for illustrative purposes and do not represent First REIT's actual financial performance following completion of the SHLB Acquisition.

The pro forma financial effects of the SHLB Acquisition presented below are strictly for illustrative purposes only and were prepared based on:

- (a) the audited consolidated financial statements of First REIT and its subsidiaries for the financial year ended 31 December 2015 ("**FY2015**", and the audited consolidated financial statements of First REIT and its subsidiaries for FY2015, the "**FY2015 Audited Consolidated Financial Statements**"); and
- (b) the unaudited consolidated financial statements of First REIT and its subsidiaries for the nine months ended 30 September 2016 ("**9M2016**" and the unaudited consolidated financial statements of First REIT and its subsidiaries for 9M2016, the "**9M2016 Unaudited Consolidated Financial Statements**"), and assuming:
 - (i) the SHLB Acquisition Cost, comprising the SHLB Total Consideration, the SHLB Acquisition Fee, as well as the professional and other fees and expenses, is S\$20.75 million, of which S\$20.55 million will be paid in cash and the balance of S\$0.2 million by way of issued Units;
 - (ii) S\$17.4 million of the cash component of the SHLB Acquisition Cost is funded by proceeds from debt;
 - (iii) an assumed issued price of S\$1.2805, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date for the management fee and SHLB Acquisition Fee payable to the Manager pursuant to the Trust Deed paid in the form of new Units issued;
 - (iv) the accounting policies and methods of computation applied to the pro forma financials are consistent to those applied in the FY2015 Audited Consolidated Financial Statements and the accounting standards applicable to the date of the announcement;

- (v) the rental amount of SHLB is S\$1.85 million (Rp.17.39 billion), and the SHLB Master Lease Agreement provides for First REIT to receive the equivalent amount of Singapore dollars (i.e. S\$1.85 million) rental income in Indonesian Rupiah. As such, there will be no foreign exchange difference for the period as it cannot be reasonably estimated despite the existence of this forward rate. Hence, the fair value of this forward foreign exchange factor is not accounted for; and
- (vi) the SHLB Total Consideration will be paid in cash via debt and internal cash and the cost of debt is assumed to be 4.50% per annum.

FY2015

Pro Forma DPU

The pro forma financial effects of the SHLB Acquisition on the DPU for FY2015, as if First REIT had purchased SHLB on 1 January 2015, and held and operated SHLB through to 31 December 2015, are as follows:

	FY2015	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	61,923	62,499
Units in issue and to be issued ⁽²⁾	750,028,566	750,224,113
DPU (cents) ⁽²⁾	8.30	8.33

Notes:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date, and excluding the 11,538,461 Units issued to the vendor of Siloam Hospitals Kupang on 14 December 2015 as part consideration as the vendor has waived its rights to be entitled to participate in the distributable income accrued by First REIT from the date of issuance of such Units to 31 December 2015.

Based on the figures above, the pro forma DPU after the SHLB Acquisition will increase from 8.30 cents to 8.33 cents for FY2015.

Pro Forma NAV per Unit

The pro forma financial effects of the SHLB Acquisition on the NAV per Unit as at 31 December 2015, as if First REIT had purchased SHLB on 31 December 2015 are as follows:

	As at 31 December 2015	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
NAV (S\$'000)	791,101	791,129
Units in issue and to be issued	761,567,027	761,762,574 ⁽²⁾
NAV per Unit (cents)	103.88	103.86 ⁽²⁾

Notes:

- (1) Based on the FY2015 Audited Consolidated Financial Statements.
- (2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Based on the figures above, the pro forma NAV per Unit after the SHLB Acquisition will decrease from 103.88 cents to 103.86 cents as at 31 December 2015.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2015, as if First REIT had purchased SHLB on 31 December 2015.

	As at 31 December 2015	
	Actual ⁽¹⁾ (S\$'000)	As adjusted for the SHLB Acquisition (S\$'000)
Short-term debt:		
Unsecured	—	—
Secured	44,274	44,274
Total short-term debt	44,274	44,274
Long-term debt:		
Unsecured	99,383	99,383
Secured	298,908	316,313
Total long-term debt	398,291	415,696
Total Debt	442,565	459,970
Unitholders funds	791,101	791,129
Total Capitalisation	1,233,666	1,251,099

Note:

(1) Based on the FY2015 Audited Consolidated Financial Statements.

Based on the figures above, the pro forma total capitalisation after the SHLB Acquisition will increase from S\$1.23 million to S\$1.25 million as at 31 December 2015.

9M2016

Pro Forma DPU

The pro forma financial effects of the SHLB Acquisition on the DPU for 9M2016, as if First REIT had purchased SHLB on 1 January 2016, and held and operated SHLB through to 30 September 2016, are as follows:

	9M2016	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
Distributable Income (S\$'000)	48,778	49,210
Units in issue and to be issued	769,536,342	761,731,889 ⁽²⁾
DPU (cents)	6.34	6.39

Notes:

(1) Based on the 9M2016 Unaudited Consolidated Financial Statements.

(2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Based on the figures above, the pro forma DPU after the SHLB Acquisition will increase from 6.34 cents to 6.39 cents for 9M2016.

Pro Forma NAV per Unit

The pro forma financial effects of the SHLB Acquisition on the NAV per Unit as at 30 September 2016, as if First REIT had purchased SHLB on 30 September 2016 are as follows:

	As at 30 September 2016	
	Before the SHLB Acquisition ⁽¹⁾	After the SHLB Acquisition
NAV (S\$'000)	792,089	792,117
Units in issue and to be issued	769,536,342	769,731,889 ⁽²⁾
NAV per Unit (cents)	102.93	102.83 ⁽²⁾

Notes:

- (1) Based on the 9M2016 Unaudited Consolidated Financial Statements.
(2) The number of Units is arrived at after taking into account the issuance of the 156,188 Units in payment of the SHLB Acquisition Fee and 39,359 Units in payment of management fee at the assumed issued price of S\$1.2805 per Unit, being the weighted average traded price for the 10 Market Days before the Latest Practicable Date.

Based on the figures above, the pro forma NAV per Unit after the SHLB Acquisition will decrease from 102.93 cents to 102.83 cents as at 30 September 2016.

Pro Forma Capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2016, as if First REIT had purchased SHLB on 30 September 2016.

	As at 30 September 2016	
	Actual ⁽¹⁾ (S\$'000)	As adjusted for the SHLB Acquisition (S\$'000)
Short-term debt:		
Unsecured	—	—
Secured	—	—
Total short-term debt	—	—
Long-term debt:		
Unsecured	109,491	109,491
Secured	286,554	303,959
Total long-term debt	396,045	413,450
Total Debt	396,045	413,450
Unitholders funds	792,089	792,117
Perpetual securities holders' fund	60,019	60,019
Total Capitalisation	1,248,153	1,265,586

Note:

- (1) Based on the 9M2016 Unaudited Consolidated Financial Statements.

Based on the figures above, the pro forma total capitalisation after the SHLB Acquisition will increase from S\$1.25 million to S\$1.27 million as at 30 September 2016.

5.2.6 Analysis of the pro forma distribution yield of First REIT

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

The information in the table presented below is for illustration purposes only. While we have made our comparisons against the Singapore REITs as shown in the table below, we recognised that the

properties of the Singapore REITs may differ significantly from the properties owned by First REIT in terms of property segments, building size and design, building age, location, accessibility, tenant composition, market risks, future prospects, operating history and other relevant criteria. There is no REIT which may be considered identical to First REIT in terms of the aforesaid factors.

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

Comparable REIT and Property Trust Yield			
Name	Yield (%)	Trailing 12 months Distribution Per Unit (S\$)	Closing Price as at the Latest Practicable Date⁽¹⁾ (S\$)
AIMS AMP Capital Industrial REIT	10.21	0.053	0.515
Ascendas India Trust	9.75	0.079	0.815
Ascendas Real Estate Investment Trust	9.61	0.061	0.635
Ascott Residence Trust	9.59	0.067	0.700
Ascendas Hospitality Trust	9.11	0.068	0.750
Cache Logistics Trust	8.82	0.034	0.380
CapitaLand Commercial Trust	8.69	0.113	1.300
CDL Hospitality Trusts	8.62	0.055	0.640
CapitaLand Retail China Trust	8.07	0.043	0.535
Cambridge Industrial Trust	7.88	0.054	0.680
CapitaLand Mall Trust	7.66	0.074	0.965
Frasers Commercial Trust	7.58	0.098	1.295
Frasers Centrepont Trust	7.50	0.099	1.320
Far East Hospitality Trust	7.42	0.044	0.590
Frasers Hospitality Trust	7.42	0.103	1.385
Fortune Real Estate Investment Trust	7.38	0.048	0.655
IREIT Global	7.31	0.074	1.010
Keppel DC REIT	7.24	0.081	1.125
Keppel REIT	7.18	0.052	0.720
Lippo Malls Indonesia Retail Trust	6.98	0.113	1.620
Mapletree Greater China Commercial Trust	6.85	0.052	0.755
Mapletree Commercial Trust	6.55	0.154	2.350
Mapletree Industrial Trust	6.26	0.066	1.050
Mapletree Logistics Trust	6.06	0.118	1.940
OUE Commercial Real Estate Investment Trust	6.06	0.102	1.675
OUE Hospitality Trust	5.85	0.055	0.940
Parkway Life Real Estate Investment Trust	5.77	0.111	1.930
Soilbuild Business Space REIT	5.77	0.089	1.535
Starhill Global REIT	5.73	0.081	1.415
SPH REIT	5.63	0.068	1.215
Sabana Shari'ah Compliant Industrial Real Estate Investment Trust	5.25	0.086	1.648
Suntec Real Estate Investment Trust	5.18	0.055	1.060
Viva Industrial Trust	5.16	0.124	2.410
High	10.21		
Low	5.16		
Simple Average	7.28		
First REIT	6.56	0.0833 ⁽²⁾	1.270

Source: Bloomberg and financial statements.

Notes:

- (1) The latest practicable date is 1 December 2016
- (2) Based on the pro forma DPU as at 31 December 2015.

From the table above, we noted the following:

- (a) The distribution yields of the Singapore REITs range between 5.2% and 10.2%;
- (b) The pro forma distribution yield of First REIT at 6.6% is within but below the average of 7.3% of the comparable range. In addition, we also note that the pro forma distribution yield of First REIT is higher than the distribution yield of Parkway Life REIT of 5.8%, being the closest SGX-listed comparable to First REIT in the healthcare REIT segment.

Based on the above, the SHLB Total Consideration, do not appear to be unreasonable or prejudicial to the interests of First REIT and its minority Unitholders.

5.3 Analysis on the SHLB Master Lease

5.3.1 Rationale for the SHLB Master Lease

The Manager's rationale for the SHLB Master Lease is set out in **Section 3** of the Circular. We reproduce below extracts relevant to the SHLB Master Lease:

“Increased income stability of First REIT through the SHLB Master Lease with a term of 15 years and an increase in First REIT’s WALE

The SHLB Master Lease will be beneficial to First REIT as SHLB is expected to provide stability to First REIT’s Gross Rental Income¹ 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 SHLB Master Lease Agreement would also provide locked-in organic growth in First REIT’s cash flow. (See paragraphs 2.12.1 and 2.12.2 of the Letter to Unitholders for further details on the base and variable rent under the SHLB Master Lease Agreement.) To ensure stability in First REIT’s Gross Rental Income from SHLB, security deposits amounting to not less than six months of SHLB’s annual rental payable (amounting to S\$0.93) will be provided to First REIT by the Master Lessees in the form of bankers’ guarantees. Such security deposit amounts will be adjusted at relevant rent review dates.

The SHLB 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 terms of the master leases for the properties in First REIT’s Existing Portfolio are between 10 and 15 years. After the completion of the SHLB Acquisition, First REIT will benefit from the increase in the Enlarged Portfolio’s WALE based on secured Gross Rental Income with SHLB contributing 1.8% of First REIT’s total Gross Rental Income under the SHLB Master Lease Agreement. The WALE of the Enlarged Portfolio will increase from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2015 to approximately 10.9 years after the completion of the SHLB Acquisition.”

5.3.2 Analysis of the impact of the SHLB Master Lease on the property yield and the weighted average years to lease expiry of First REIT

The base property yield^{2,3} of the SHLB Master Lease is 9.3% based on the SHLB Total Consideration of approximately S\$20.00 million in the Property CSPA.

When compared against the base property yield (computed on a similar basis) of properties in the Existing Portfolio, we note that the base property yield of the SHLB Master Lease of 9.3% is:

- i) within the range of base property yields of between 7.8% and 15.6% but below the average of 10.8% of all properties in the Existing Portfolio;

1 **Gross Rental Income** refers to the contracted rent under the master lease agreements in relation to SHLB and the portfolio of properties currently held by First REIT, which comprises base rent and variable rent (where applicable).

2 Base property yield is calculated based on the initial base rent divided by the purchase consideration for the property.

3 Exclude the base property yield of Siloam Hospital Surabaya (the “**New SHS**”) which is currently under development. First REIT will acquire the New SHS upon completion of the development.

- ii) below the range of base property yields of between 9.7% and 15.6% of the Indonesian properties in the Existing Portfolio.

However, we note that the base property yields of the properties in the Existing Portfolio would have taken into account the then prevailing economic and market conditions. In particular, we note that the current yields of the Indonesian properties have since come down as their appraised values have significantly increased.

When compared against the current base yields^{1,2} of properties in the Existing Portfolio, we note that the base property yield of the SHLB Master Lease of 9.3% is:

- i) within the range of the current base yields of between 7.6% and 10.5% and above the average of 8.8% of all properties in the Existing Portfolio;
- ii) equivalent to the upper range of the current base yields of 9.3% of the Indonesian properties in the Existing Portfolio.

When compared against the current yield^{2,3} of properties in the Existing Portfolio, we note that the base property yield of the SHLB Master Lease of 9.3% is:

- i) within the range of the current yields of between 7.7% and 10.5% and above the average of 9.0% of all properties in the Existing Portfolio;
- ii) within the range of the current yields of between 7.7% and 9.7% and above the average of 8.6% of the Indonesian properties in the Existing Portfolio.

Further, we note the adjustment features in the SHLB Master Lease such as the adjustments to the base rent and the variable rent component can provide potential further upside to the total rent and in turn increase the property yield of the SHLB Master Lease.

We note that there are similar adjustment features in the master lease agreements for the Indonesia properties in the Existing Portfolio. The Sponsor, which is the lessee for the SHLB Master Lease is also the master lessee for the Indonesia properties in the Existing Portfolio.

The SHLB Master Lease is for a period of 15 years (with the option to renew for a further term of 15 years) and will provide strong underpinning to property yields and stability in rental income for First REIT for the next 15 to 30 years. With the SHLB Master Lease in place, First REIT will benefit from the increase in its weighted average years to lease expiry from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2015 to approximately 10.9 years for its Enlarged Portfolio after completion of the Transaction.

5.3.3 Comparison of the key terms in the SHLB Master Lease

We note that while there are many precedents for such master lease agreements of properties owned by SGX-ST listed REITs (for example, Ascendas REIT, CapitaCommercial Trust, CDL Hospitality Trust, Frasers Commercial Trust), they are mostly in other property segment, such as the commercial and retail property segments. As such, most of these master lease agreements have their own unique features (such as rent-free period, fixed rent adjustments, performance-based variable rents, etc), which makes it difficult for comparisons to be made to them.

1 Current base yield is calculated based on the current base rent divided by the latest appraised value of the property as at 31 December 2015.

2 Exclude the current yield and the current base yield of New SHS which is currently under development. First REIT will acquire the New SHS upon completion of the development.

3 Current yield is calculated based on the total (base and variable) current rent divided by the latest appraised value of the property as at 31 December 2015.

For our purpose, we made a comparison of the principal terms of the SHLB Lease to the master lease agreements for properties used for healthcare-related purposes, set out in the table below:

Companies / REIT	Return on base rent ⁽¹⁾	Annual adjustment to base rent	Variable rent
SHLB Master Lease	9.3% ⁽²⁾	<p>Payable from the fifth year of lease based on:</p> <p>Base rent x (2 x CPI⁽³⁾ % increase)</p> <p>Subject to floor of 0% and cap of 2%.</p>	<p>Payable quarterly in advance from the start of sixth year of lease using fixed exchange rate of S\$1 = Rp.9,400 and based on:</p> <ol style="list-style-type: none"> the percentage growth in gross operating revenue in the preceding financial year compared to the year before ("GRG%"); and the surplus of gross operating revenue of the preceding financial year over the year before ("GOR surplus") <p>(a) If $5\% \leq \text{GRG\%} < 15\%$, Equivalent to 0.75% of GOR surplus</p> <p>(b) If $15\% \leq \text{GRG\%} < 30\%$, Equivalent to 1.25% of GOR surplus</p> <p>(c) If $30\% \leq \text{GRG\%}$, Equivalent to 2.0% of GOR surplus</p>
Healthcare-related			
Parkway Life REIT (Singapore portfolio)	3.9%	None	<p>1st year of lease: Higher of 3.8% of the adjusted hospital revenue for the present financial year or S\$15.0 million.</p> <p>2nd year of lease onwards: Equivalent to 3.8% of the adjusted hospital revenue for the present financial year.</p> <p>Provided that total rent payable (base + variable) shall not be lower than:</p> <p>Total rent for preceding year x $[1 + (\text{CPI} + 1\%)]$, where if CPI is negative, it is deemed to be zero.</p>
Indonesia properties in the AI – A'qar Healthcare REIT ⁽⁴⁾	7.2% ⁽⁵⁾	None	Rental revision every three (3) full financial year throughout the contractual term up to a maximum of fifteen (15) years.

Companies / REIT	Return on base rent ⁽¹⁾	Annual adjustment to base rent	Variable rent
			<p>The review of yearly rental amount for the next three (3) financial years shall be calculated based on the following method:</p> <p>1st year of every review: (10-year Malaysian Government Securities +238 basis points) x market value of the properties at the point of review and subject to a minimum rental of RM33.0 million per annum and a maximum 2% increment over the preceding year's rental amount.</p> <p>2nd and 3rd year of every review: 2% increment over the preceding year's rental amount.</p>
Singapore properties of First REIT that are leased to third parties	7.8%	<p>Base rent x (2 x CPI % increase)</p> <p>Subject to floor of 0% and cap of 2%</p>	None
Existing Indonesia properties of First REIT	9.7% to 15.6%	<p>Payable from the fourth year of lease based on:</p> <p>Base rent x (2 x CPI % increase)</p> <p>Subject to floor of 0% and cap of 2%.</p>	<p>A. The variable rent of the existing Indonesia properties of First REIT which is payable quarterly in advance from the fourth year of lease, including:</p> <p>(1) Siloam Hospitals Kupang and Lippo Plaza Kupang using fixed exchange rate of S\$1 = Rp.9,800;</p> <p>(2) Siloam Sriwijaya using fixed exchange rate of S\$1 = Rp.9,400;</p> <p>(3) Siloam Hospitals Purwakarta using fixed exchange rate of S\$1 = Rp.9,500;</p> <p>(4) Siloam Hospitals Bali using fixed exchange rate of S\$1 = Rp.7,800;</p> <p>(5) Siloam Hospitals TB Simatupang using fixed exchange rate of S\$1 = Rp.7,800;</p>

Companies / REIT	Return on base rent ⁽¹⁾	Annual adjustment to base rent	Variable rent
			<p>(6) Siloam Hospitals Manado and Hotel Aryaduta Manado using fixed exchange rate of S\$1 = Rp.7,000; and</p> <p>(7) Siloam Hospitals Makassar using fixed exchange rate of S\$1 = Rp.7,000,</p> <p>are based on:</p> <p>1. GRG% and</p> <p>2. GOR surplus</p> <p>(a) If $5\% \leq \text{GRG\%} < 15\%$, Equivalent to 0.75% of GOR surplus</p> <p>(b) If $15\% \leq \text{GRG\%} < 30\%$, Equivalent to 1.25% of GOR surplus</p> <p>(c) If $30\% \leq \text{GRG\%}$, Equivalent to 2.0% of GOR surplus</p> <p>B. The variable rent of the existing Indonesia properties of First REIT which is payable quarterly in advance from the second year of lease, including:</p> <p>(1) Siloam Hospitals Lippo Cikarang using fixed exchange rate of S\$1 = Rp.6,600;</p> <p>(2) Mochtar Riady Comprehensive Cancer Centre using fixed exchange rate of S\$1 = Rp.6,600;</p> <p>(3) Imperial Aryaduta Hotel & Country Club using fixed exchange rate of S\$1 = Rp.5,623.5;</p> <p>(4) Siloam Hospital Surabaya using fixed exchange rate of S\$1 = Rp.5,623.5;</p>

Companies / REIT	Return on base rent ⁽¹⁾	Annual adjustment to base rent	Variable rent
			<p>(5) Siloam Hospitals Kebon Jeruk using fixed exchange rate of S\$1 = Rp.5,623.5; and</p> <p>(6) Siloam Hospitals Lippo Village using fixed exchange rate of S\$1 = Rp.5,623.5,</p> <p>are based on:</p> <p>1. GRG%, and</p> <p>2. the gross operating revenue of the preceding financial year (“GOR”)</p> <p>(a) If $5\% < \text{GRG}\% < 15\%$, Equivalent to 0.75% of GOR</p> <p>(b) If $15\% < \text{GRG}\% < 30\%$, Equivalent to 1.25% of GOR</p> <p>(c) If $30\% < \text{GRG}\%$, Equivalent to 2.0% of GOR</p>

Source: Extracted from the prospectus, company website or latest available annual report, corporate presentations of the relevant REITs.

Notes:

- (1) Return on base rent = initial base rent / cost of investment
- (2) Based on the SHLB Total Consideration and the SHLB Base Rent of Rp.17.39 billion (based on S\$1.85 million at the Illustrative Rupiah Exchange Rate of S\$1.00 to Rp.9,400 as at 7 November 2016. In the event there is a deviation of Indonesian Rupiah / Singapore Dollar exchange rate, the SHLB Base Rent shall be adjusted accordingly based on the formula:
Base Rent/ Rp.9,400 x BI Market Rate,
where “BI Market Rate” means the Bank Indonesia’s Rupiah exchange rate based on Bank Indonesia’s buying rate of Singapore Dollar to Indonesian Rupiah applicable 14 (fourteen) days prior to the date of the invoice issued by PT PLB pursuant to the SHLB Master Lease Agreement. As a result of this formula stipulated in the SHLB Master Lease Agreement, the exchange rate exposure vis-à-vis the Indonesian Rupiah is mitigated. 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
- (3) CPI refers to the consumer price index of Singapore for the preceding calendar year.
- (4) Listed on Bursa Malaysia.
- (5) Using minimum rental of RM 33.0 million/annum as the base rent to estimate the return on base rent.

In our comparison of the key terms of the SHLB Master Lease, we note the following:

- the return on base rent of 9.3% for SHLB Master Lease compares favourably to the return on base rent of 3.9% for the master leases of Parkway Life REIT, 7.2% for the Indonesia properties of Al A’qar REIT, and 7.8% for the Singapore properties of First REIT. However, we also note that the master leases of Parkway Life REIT appear to have a higher variable rent component which is payable from the first year of lease. If we include the variable rent of S\$15.0 million¹ received in the first year, the return on total rent (base rent plus variable rent) for Parkway Life REIT for the first year is approximately 6.1%, which is still less favourable compared to the return on base rent of 9.3% for SHLB Master Lease;

¹ Based on Parkway Life REIT’s prospectus.

- the return on base rent of 9.3% for SHLB Master Lease is lower than the range of between 9.7% and 15.6% of the Indonesia properties of the Existing Portfolio, computed on a similar basis because the purchase consideration would have taken into account the prevailing economic and market conditions. We note that the current base yields of the Indonesian properties in the Existing Portfolio (computed based on the current base rent and the latest appraised value) have since decreased as the appraised values of these Indonesian properties have increased significantly;
- there are no annual adjustment features to the base rent in the master lease agreements of Parkway Life REIT and AI A'qar REIT. Both the Singapore properties and Indonesian properties of the Existing Portfolio has the same adjustment to base rent as the SHLB Master Lease;
- the variable rent for the SHLB Master Lease is up to 2.0% of the surplus in the audited gross operating revenue (depending on the year-on-year growth of the gross operating revenue). In comparison, the variable rent for the master leases of Parkway Life REIT is fixed at 3.8% of the adjusted hospital revenue, while the gross lease rental for AI A'qar REIT is approximately 7.2% of the purchase consideration. The Singapore properties of the Existing Portfolio do not have any variable rent component; and
- The variable rent of SHLB Mater Lease will only be payable from the start of the sixth year onwards as compare to the variable rent structure for:
 - Siloam Hospitals Kupang and Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospital Purwakarta, Siloam Hospital Bali, Siloam Hospital TB Simatupang, Siloam Hospitals Manado and Hotel Aryaduta Manado and Siloam Hospitals Makassar were structured to be payable from fourth year onwards; and
 - the remaining Indonesia properties of the Existing Portfolio were structured to be payable from second year onwards.

We understand that this is to allow conservation of cash flow thereby enabling the tenant to step up and enhance its operations to an optimal level.

5.3.4 Other commercial terms of the SHLB Master Lease

i) Assignment/Subletting

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

The Master Lessees shall not sub-let SHLB without prior written notice to PT PLB and the Master Lessees shall procure the sub-lessees' compliance with SHLB Master Lease.

ii) Maintenance and other operating expenses of SHLB

The Siloam Lessee will be responsible for:

- (i) all outgoings including, but not limited to utility costs and property related taxes relating to SHLB;
- (ii) costs and expenses for the operation, maintenance and management of SHLB, and landscaping costs; and
- (iii) all capital expenses relating to SHLB for the first two years of the SHLB Master Lease¹.

¹ After the expiration of the first two years of the SHLB Master Lease, the master lessor of SHLB (being PT PLB) shall be responsible for the capital expenses relating to SHLB.

Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operation expenses in relation to SHLB.

iii) Insurance of SHLB

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

- i) an insurance policy over all of the Master Lessees' property including any and all goods and stock-in-trade in SHLB 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, business interruption and all risks and damage (including earthquake) in the joint names of PT PLB and the Master Lessees to its full market insurable amount as assessed by PT PLB, damage to the building at SHLB and all parts thereof which the Siloam Lessee is obliged to keep in repair under the SHLB Master Lease. PT PLB shall pay for any increase in premium payable due to increase in sum insured for all risks and damage (including earthquake), if any;
- iii) a comprehensive public liability insurance policy in the joint names of PT PLB and the Master Lessees against claims for personal injury, death or property damage or loss, arising out of all operations of the Master Lessees and its permitted occupiers in SHLB; and
- iv) an insurance policy covering all of the Master Lessees' risks with such insurance coverage as appropriate and typical for the size and type of business carried out by the Master Lessees at SHLB.

The Manager believes that the insurance policies to be taken out by the Siloam Lessee for SHLB are consistent with industry practise in Indonesia.

5.3.5 Other Considerations relating to the SHLB Master Lease

We advise that you highlight the following factor to the minority Unitholders, which should be considered, together with the other comments and issues raised in this Letter and the contents of the Circular.

i) Foreign Exchange Risk

We note that due to changes in the Indonesian Currency Law (specifically Law 7/2011 and BI 17/2015, details of which are set out in **Section 2.12.10** of the Circular.), the total rent (comprising the base rent and the variable Rent) of SHLB shall be paid in Indonesian Rupiah, based on the agreed exchange rate of S\$1.00 to Rp.9,400, which is fixed for the entire lease term of the SHLB Master Lease Agreement.

Although the base rent will be received in Indonesian Rupiah, we note that there is an adjustment mechanism provided for in the SHLB Master Lease Agreement to adjust the base rent for any changes in the Indonesian Rupiah / Singapore Dollar exchange rate, to ensure that the Base Rent to be received is fixed at S\$1.85 million, regardless of changes to the Indonesian Rupiah / Singapore Dollar exchange rate.

We note that there is a similar adjustment mechanism in place for the computation of the variable rent to adjust for changes to the Indonesian Rupiah / Singapore Dollar exchange rate.

Notwithstanding the above adjustment mechanism for the base rent and variable rent of SHLB, we further note that the impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Indonesian Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Indonesian Rupiah / Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore.

ii) **Benefits from the Sponsor's property management and operating expertise and the use of the established "Siloam" brand for hospitals**

The Sponsor is the master lessee for the SHLB. The Sponsor is an internationally recognised corporation and is one of the largest broad-based property companies in Indonesia listed on both the Jakarta Stock Exchange and the Surabaya Stock Exchange. The Sponsor has a large property portfolio comprising townships and residential developments, commercial and retail development properties, healthcare, infrastructure and hospitality properties with a recognised track record in the planning and development of large property, infrastructure and township projects as well as ongoing maintenance, upkeep and renovation of properties.

The Sponsor ventured into the healthcare business in 1995 when it established and developed Siloam Hospitals Lippo Karawaci. Since then, it had developed and acquired several hospitals, such as Siloam Hospitals Lippo Cikarang, Siloam Hospitals Surabaya, Siloam Hospitals West Jakarta under its "Siloam" brand of hospitals and built up its expertise in managing healthcare businesses including the Indonesian properties of the Existing Portfolio.

Upon entering into the SHLB Master Lease, SHLB will be able to benefit from the Sponsor's expertise in property management and operating expertise as well as being managed under the "Siloam" brands, which is a well-known and established brand name for hospitals in Indonesia.

6 SUMMARY OF ANALYSIS

In arriving at our recommendation in respect of the IPT Transactions, we have taken into account the views and representations by the Directors and management of the Manager and the factors set out in section 5 above. The key considerations are summarised below. Minority Unitholders should be advised to read the following in conjunction with, and in the context of, the full text of this Letter and the Circular.

The SHLB Acquisition

- a. the Manager's rationale for the SHLB Acquisition, taken in the entire context of the IPT Transactions, appears to be based on sound commercial grounds;
- b. we note that the SHLB Total Consideration is approximately 2.44% and 2.82% below the appraised values as determined by Regannis and Alberth, respectively and 2.63% below the average of the two independent valuations;
- c. we note the Deed of Indemnity entered into by the Trustee whereby the Trustee will be indemnified by PT WJP, subject to certain conditions for all liabilities or damages suffered by the Trustee arising from the SHLB CSPA;
- d. we note the significant growth potential and positive outlook for the healthcare services market in Labuan Bajo as noted in the report titled "Independent Market Research on the Healthcare Services Industry in the West Manggarai Regency, Indonesia – Focus on Labuan Bajo in the Komodo Sub-District" by Frost & Sullivan;
- e. we note that the pro forma DPU after the SHLB Acquisition will increase from 8.30 cents to 8.33 cents for FY2015, and the pro forma DPU after the SHLB Acquisition will increase from 6.34 cents to 6.39 cents for 9M2015. **Based on this, the SHLB Acquisition will result in an improvement in the DPU for Unitholders of First REIT;**
- f. we also note the improvements to the pro forma total capitalisation after the SHLB Acquisition;
- g. we note that the pro forma distribution yield of First REIT at 6.6% is within but below the average of the range of its listed comparable companies. In addition, we also note that the pro forma distribution yield of First REIT is higher than the distribution yield of Parkway Life REIT of 5.8%, being the closest SGX-listed comparable to First REIT in the healthcare REIT segment. Based on this, the SHLB Total Consideration do not appear to be unreasonable;

The SHLB Master Lease

- h. The Manager's rationale for the SHLB Master Lease appears to be based on sound commercial grounds;
- i. The estimated base property yield of the SHLB Master Lease of 9.3% is within the range of the base property yields (computed on a similar basis) of between 7.8% and 15.6% but below the average of 10.8% of all the properties of the Existing Portfolio. It is below the range of the base property yields (computed on a similar basis) of between 9.7% and 15.6% of the Indonesian properties of the Existing Portfolio.

However, we note that the base property yield of the properties of the Existing Portfolio would have taken into account the then prevailing economic and market conditions. In particular, we note that the current yields of the Indonesian properties of the Existing Portfolio have since come down as their appraised values have significantly increased.

- j. the base property yield of the SHLB Master Lease at 9.3% is within the range of the current base yields of between 7.6% and 10.5% and above the average of 8.8% of all the properties in the Existing Portfolio and equivalent to the upper range of the current base yields of 9.3% of the Indonesian properties of the Existing Portfolio;
- k. the base property yield of the SHLB Master Lease at 9.3% is within the range of the current yields of between 7.7% and 10.5% and above the average of 9.0% of all the properties in the Existing Portfolio and within the range of the current yields of between 7.7% and 9.7% and above the average of 8.6% of the Indonesian properties of the Existing Portfolio;
- l. the adjustment features to the base rent and the variable rent component under the terms of the SHLB Master Lease will provide potential further upside to the total rent and property yield and will also allow First REIT to benefit from the growth of the healthcare industry in Labuan Bajo, Indonesia;
- m. with the SHLB Master Lease in place, First REIT will benefit from the increase in its weighted average years to lease expiry from approximately 10.8 years from that of the Existing Portfolio as at 31 December 2015 to approximately 10.9 years for its Enlarged Portfolio after completion of the IPT Transactions;
- n. the return on base rent of 9.3% for SHLB Master Lease compares favourably to the return on base rent of 3.9% for the master leases of Parkway Life REIT, 7.2% for the Indonesia properties of Al A'qar REIT, and 7.8% for the Singapore properties of the Existing Portfolio. However, we also note that the master leases of Parkway Life REIT appear to have a higher variable rent component which is payable from the first year of lease. If we include the variable rent of S\$15.0 million received in the first year, the return on total rent (base rent plus variable rent) for Parkway Life REIT for the first year is approximately 6.1%, which is still less favourable compared to the return on base rent of 9.3% for SHLB Master Lease;
- o. there are no annual adjustment features to the base rent in the master lease agreements of Parkway Life REIT and Al A'qar REIT. Both the Singapore and Indonesian properties of the Existing Portfolio and the SHLB Master Lease provide for potential upward adjustment to the base rent, based on two times the increase in the consumer price index of Singapore for the preceding calendar year, subject to a floor of 0% and cap of 2.0%;
- p. the variable rent for the SHLB Master Leases is up to 2.0% of the surplus in the audited gross operating revenue (depending on the year-on-year growth of the gross operating revenue). In comparison, the variable rent for the master leases of Parkway Life REIT is fixed at 3.8% of the adjusted hospital revenue, while the gross lease rental for Al A'qar REIT is approximately 7.2% of the purchase consideration. The Singapore properties of the Existing Portfolio do not have any variable rent component; and

the variable rent of SHLB Mater Lease will only be payable from the start of the sixth year onwards as compare to the variable rent structure for:

- Siloam Hospitals Kupang and Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospital Purwakarta, Siloam Hospital Bali, Siloam Hospital TB Simatupang, Siloam Hospitals

Manado and Hotel Aryaduta Manado and Siloam Hospitals Makassar were structured to be payable from fourth year onwards; and

- the remaining Indonesia properties of the Existing Portfolio were structured to be payable from second year onwards.

We understand that this is to allow conservation of cash flow thereby enabling the tenant to step up and enhance its operations to an optimal level;

- q. under the terms of the SHLB Master Lease, the Master Lessees shall not sub-let SHLB without written notice to PT PLB and the Master Lessees shall procure the sub-lessees' compliance with the SHLB Master Lease. The sub-lessee must also be of good repute and sound financial standing;
- r. the Siloam Lessee will be responsible for all outgoings including, but not limited to utility costs and property related taxes relating to SHLB; costs and expenses for the operation, maintenance and management of SHLB, and landscaping costs; and all capital expenses relating to SHLB for the first two years of the SHLB Master Leases. Accordingly, First REIT will not be affected by any cost escalation in Indonesia of maintenance and operation expenses in relation to the SHLB;
- s. at all times during the term of the SHLB Master Lease and during any period of holding over, the Siloam Lessee shall at its cost and expense, take out and keep in force relevant insurance policies;
- t. although the base rent of SHLB will be received in Indonesian Rupiah, we note that there is an adjustment mechanism provided for in the SHLB Master Lease Agreement to adjust the base rent for any changes in the Indonesian Rupiah / Singapore Dollar exchange rate, to ensure that the base rent to be received is fixed at S\$1.85 million, regardless of changes to the Indonesian Rupiah / Singapore Dollar exchange rate;
- u. we note that there is a similar adjustment mechanism in place for the computation of the variable rent of SHLB to adjust for changes to the Indonesian Rupiah / Singapore Dollar exchange rate;
- v. Notwithstanding the above adjustment mechanism for the base rent and variable rent of SHLB, we further note that the impact of future exchange rate fluctuations on First REIT's liabilities and property expenses cannot be accurately predicted and the Indonesian Rupiah may not be readily convertible or exchangeable or may be subject to exchange controls. There is also the risk that movements in the Indonesian Rupiah / Singapore dollar exchange rate may adversely affect repayments or repatriation of funds from Indonesia to Singapore; and
- w. First REIT will be able to benefit from the Lessees' property management and operating expertise and the use of the established "Siloam" brand names for hospitals.

7 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors set out in section 6 above, and subject to the qualifications and assumptions made herein, we are of the view that the IPT Transactions are based on normal commercial terms and are not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, we are of the view that the Independent Directors should recommend that minority Unitholders vote in favour of the IPT Transactions to be proposed at the EGM.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and the management of the Manager and therefore does not reflect any projections or

future financial performance of First REIT after the completion of the IPT Transactions and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the IPT Transactions.

This Letter (for inclusion in the Circular) is addressed to the Independent Directors and the Trustee for their benefit, in connection with and for the purpose of their consideration of the IPT Transactions and for compliance by First REIT with Rule 921(4) of the Listing Manual. The recommendation made by the Independent Directors to the Unitholders in relation to the IPT Transactions remains the responsibility of the Independent Directors.

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

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

ANG LIAN KIAT
DIRECTOR

YAP YEONG KEEN
DIRECTOR

SINGAPORE TAX CONSIDERATIONS

The following summary of certain Singapore income tax considerations to Unitholders in respect of the SHLB Acquisition is based upon tax laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary is not a tax advice and does not purport to be a comprehensive description of all the considerations that may be relevant to Unitholders. Unitholders should consult their own tax advisers on the tax implications that may apply to their own individual circumstances.

Income derived from SHLB

The rental income and other related income earned from SHLB will be received in Singapore by SHLB I and SHLB II in a combination of some or all of the following forms:

- (i) dividend income;
- (ii) interest income; and
- (iii) proceeds from repayment of shareholder's loans.

The dividend income received in Singapore by SHLB I and SHLB II from PT PLB (the “**Foreign Dividend Income**”) will be exempt from tax under Section 13(8) of the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) provided that SHLB I and SHLB II are tax residents of Singapore and the following conditions are met:

- (i) in the year the Foreign Dividend Income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;
- (ii) the Foreign Dividend Income has been subjected to tax in the jurisdiction from which it is received; and
- (iii) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to SHLB I and SHLB II.

SHLB I will seek a confirmation from the Inland Revenue Authority of Singapore (“**IRAS**”) that the IRAS is satisfied that the interest income SHLB I will receive in Singapore from PT PLB meets the qualifying conditions for the tax exemption granted to Singapore real estate investment trusts under Section 13(12) of the Income Tax Act.

This tax exemption, if it is confirmed by the IRAS, will apply to interest income received in Singapore from PT PLB so long as SHLB I continues to beneficially own, directly or indirectly, the relevant interest in SHLB as at the date the interest income is received in Singapore and all the qualifying conditions for the tax exemption are met.

Cash that cannot be repatriated by PT PLB in the form of dividends may be used by PT PLB to repay the principal amount of shareholder's loans. The proceeds from the repayment of shareholder's loans received in Singapore by SHLB I are capital receipts and hence not subject to Singapore income tax.

First REIT will in turn receive dividends or proceeds from the redemption (at cost) of preference shares or a combination of both from SHLB I. Provided that SHLB I is a resident of Singapore for income tax purposes, the dividends received by First REIT will be one-tier (tax-exempt) dividends and hence exempt from Singapore income tax in the hands of First REIT. The proceeds from redemption (at cost) of preference shares received by First REIT are capital receipts and not subject to Singapore income tax.

Distributions to Unitholders

Distributions made by First REIT out of the income or cashflow generated from SHLB may comprise either or both of the following two components:

- (i) tax-exempt income component (“**Tax-Exempt Income Distributions**”); and
- (ii) capital component (“**Capital Distributions**”).

Tax-Exempt Income Distributions refer to distributions made by First REIT out of its tax-exempt income (which comprises mainly the one-tier (tax-exempt) dividends that it will receive from SHLB I and SHLB II). Such distributions are exempt from Singapore income tax in the hands of Unitholders. No tax will be deducted at source on such distributions.

For this purpose, the amount of Tax-Exempt Income Distributions that First REIT can distribute for a distribution period will be to the extent of the amount of tax-exempt income that it has received or is entitled to receive in that distribution period. Any distribution made for a distribution period out of profits or income which First REIT is entitled to receive as its own tax-exempt income after the end of that distribution period will be treated as a capital distribution and the tax treatment described in the next paragraph on “Capital Distributions” will apply. The amount of such tax-exempt income that is subsequently received may be used to frank tax-exempt income distributions for subsequent distribution periods.

Capital Distributions refer, *inter alia*, to distributions made by First REIT out of proceeds received from the redemption of preference shares. Unitholders will not be subject to Singapore income tax on such distributions. These distributions are treated as returns of capital for Singapore income tax purposes and the amount of Capital Distributions will be applied to reduce the cost of Units held by Unitholders. Accordingly, the reduced cost base will be used for the purpose of calculating the amount of taxable trading gains for those Unitholders who hold Units as trading or business assets and are liable to Singapore income tax on gains arising from the disposal of Units. If the amount of Capital Distributions exceeds the cost or the reduced cost, as the case may be, of Units, the excess will be subject to tax as trading income of such Unitholders.

INDEPENDENT INDONESIAN TAXATION REPORT



Taxand

Jakarta, December 01, 2016

Letter No. TAJ-162790

The Board of Directors
 Bowsprit Capital Corporation Limited
 As Manager (the "Manager") of First Real Estate Investment Trust
 50 Collyer Quay
 #06-01 OUE Bayfront
 Singapore 049321

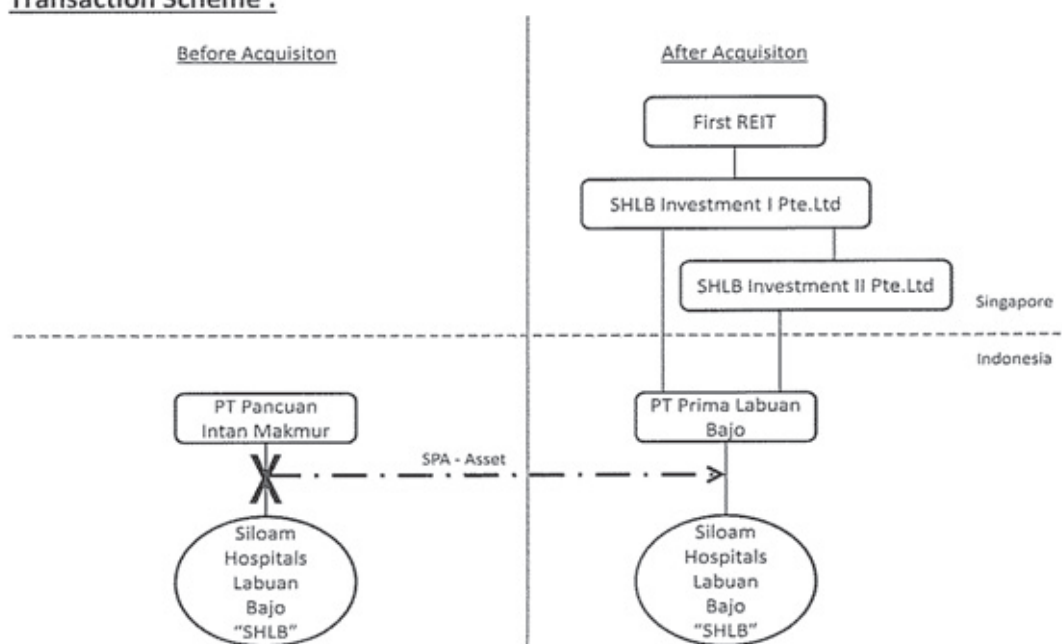
HSBC Institutional Trust Services (Singapore) Limited
 As Trustee of First Real Estate Investment Trust
 21 Collyer Quay
 #13-02 HSBC Building
 Singapore 049320

Dear Sirs / Madam,

Re: Tax Implications on the Acquisition of Siloam Hospitals Labuan Bajo by First REIT

This letter has been prepared for First REIT, a real estate investment trust. The purpose of this letter is to provide a general overview of the Indonesian tax implications attributable to the transactions of First REIT ("REIT") in Indonesia.

The following is our tax opinion on the above matter:

Transaction Scheme :

Facts:

1. Siloam Hospitals Labuan Bajo ("SHLB") (hereinafter referred to as "the Property") is a newly built stand alone hospital which owned by PT Pancuran Intan Makmur (PIM).
2. PT Prima Labuan Bajo (PLB) will acquire the Property through Sale and Purchase Agreement with PIM.
3. It is a legal requirement for an Indonesian company to be owned by two shareholders (SHLB Investment I Pte. Ltd and SHLB Investment II Pte. Ltd).

SHLB Investment I Pte. Ltd will own 75% shares of PLB and SHLB Investment II Pte. Ltd will own 25% shares of PLB.

4. After the acquisition, there will be a master lease agreement between PLB as Lessor and PT Lippo Karawaci Tbk. & PT Siloam International Hospitals Tbk. (or their subsidiary) as Lessee.
5. PLB will pay dividend, principal and interest on shareholder's loan.

Discussion:

A. Purchase of SHLB

▪ **PLB as the Buyer**

Property Title Acquisition Duty

The purchase of the Property from PIM shall be subject to property title acquisition duty at the rate of five percent (5%) of whichever is higher between the purchase price and the tax object sale value (NJOP) as determined by the head of the local government. The property title acquisition duty shall be payable upon the signing of the Sale and Purchase Agreement by PLB.

Value Added Tax (VAT)

PLB shall pay the VAT at the rate of ten percent (10%) on the purchase of the Property. The VAT charged by PIM will be treated as input VAT, which can be used to offset the output VAT from the rental income.

▪ **PIM – as the Seller**

Article 4(2) Final Income Tax

PIM has to pay the final income tax at a rate of two point five percent (2,5%) of gross value on the transfer of right to land and/or building. The value of transfer of right to land and/or building shall be:

- The value that was actually received, in the event that there is no “special relation” between PIM and PLB, or
- The value that should be received based on the fair value or market value, in the event that PIM is having a “special relation” with PLB.

Taxpayers are considered having “special relation” if they fulfill one of these conditions:

- Taxpayer owns capital participation directly or indirectly at least 25% (twenty five percent) upon another Taxpayer; the relationship between Taxpayers through ownership at least 25% (twenty five percent) upon two or more Taxpayers; or the relationship between two or more Taxpayers mentioned latter;
- Taxpayer controls other Taxpayer or two or more Taxpayers that are under the same control (through management or the use of technology) either directly or indirectly.

The tax shall be payable before the sales and purchase agreement is drawn up and signed. In case that PIM receives any payment before the sales and purchase agreement is drawn up, the final income tax shall be payable upon receipt of some or all payments from PLB.

The final income tax still needs to be reported in the income tax return but it does not have to be combined with the other incomes that are not subject to final income tax in the calculation of PIM’s taxable income in the relevant tax year.

Value Added Tax (VAT)

PIM must charge the ten percent (10%) VAT on the sale of The Property. The said VAT can be treated as input VAT for PLB.

B. Payment of Dividend to SHLB Investment I Pte. Ltd and/or SHLB Investment II Pte. Ltd

▪ PLB

Article 26 Income Tax

Indonesian tax laws generally require a twenty percent (20%) tax to be withheld on the payment of dividend from an Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten percent (10%) or fifteen percent (15%) with the following conditions:

- Ten percent (10%) of the gross amount of the dividends if the recipient is a company which owns directly at least twenty five percent (25%) of the capital of the company paying the dividends;
- Fifteen percent (15%) of the gross amount of the dividends in all other cases.

The reduced withholding tax rate on dividend as set out in the tax treaty between Singapore and Indonesia can only be applied if SHLB Investment I Pte. Ltd and/or



Tax and

SHLB Investment II Pte. Ltd fulfill the requirements set out in Article 4 paragraph 2 of Director General of Taxes Regulation No. 62/PJ./2009 dated November 5, 2009 which has been amended by Director General of Taxes Regulation No. 25/PJ/2010 dated April 30, 2010 regarding Prevention of Tax Treaty Abuse as follow:

1. The company establishment or the company's arrangement of transaction structure/scheme is not solely intended to take advantage of a tax treaty benefit; and
2. Its operation is managed by the management itself that has sufficient authority to do transactions; and
3. The company has employees; and
4. The company has activities or active business; and
5. The Indonesia sourced income is subject to tax in the recipient country; and
6. The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

Further, SHLB Investment I Pte. Ltd and/or SHLB Investment II Pte. Ltd must also submit the original copy of its Certificate of Domicile (DGT Form 1) to PLB to demonstrate that they are the beneficial owner of the dividend payment.

Indonesian tax laws do not regulate when a dividend should be declared. Meanwhile, the time when dividend can be declared and remitted by PLB to the SHLB Investment I Pte. Ltd and/or SHLB Investment II Pte. Ltd should be in accordance with the regulations of Indonesian General Accepted Accounting Principle ("GAAP").

Article 26 of Income Tax Law stipulates that dividend become payable when the dividend distributions is declared or determined in General Meeting of Shareholders of PLB. There is no need for PLB to obtain tax clearance in order to declare or remit dividends.

C. Lease Agreement

■ PLB as the Lessor

Income Tax

Any kind of rental income (including advance of rental payment, service charge, if any) received by PLB is subject to final income tax at the rate of ten percent (10%) as stipulated in Article 4 Paragraph (2) of the Income Tax Law.

Imposition of final income tax does not imply that the income from PT Lippo Karawaci Tbk. and PT Siloam International Hospitals Tbk. in the form of rental fee does not need to be reported in the Annual Income Tax Return (SPT PPh). The income shall be



reported in the Annual Income Tax Return, but it shall not be combined with the other income, which are not subject to final tax in the calculation of the taxable income in the relevant tax year.

Value Added Tax on Rental of Land and/or Buildings

PLB must charge the VAT on rental payment of land and/or building to lessees at the rate of ten percent (10%).

■ **Lippo Karawaci and Siloam (or their subsidiary) as the Lessee**

Article 4(2) Final Income Tax

Any payments to PLB which are related to the rental payment of land and/or building will be subject to a final income tax at the rate of ten percent (10%) of the gross value of the land and/or building rental fee, including the service charge (if any).

Lessees must withhold the ten percent (10%) final income tax, issue the withholding tax slip to PLB, and pay the tax to the State Treasury.

Value Added Tax on the Rental of Land and/or Building

The VAT charged by PLB can be used as prepaid input VAT to offset the lessees output VAT.

D. Payments Related to Shareholder's Loan

Loan The Repayment of Principal

The repayment of principal from the shareholder's loans will not be subject to any form of Indonesian tax.

Payment of Interest

Article 26 Income Tax

The Indonesian Income Tax Law generally requires a twenty percent (20%) tax to be withheld on the payment of interest from an Indonesian taxpayer to an offshore taxpayer. Under the tax treaty between Singapore and Indonesia, the rate of withholding tax is reduced to ten percent (10%) on the payment of interest.

The reduced withholding tax rate of ten percent (10%) on interest set out in the Singapore and Indonesia tax treaty can be used on the payment of interest by PLB to Shareholders if the shareholders can fulfill the conditions set out in Article 4 paragraph



Tax and

(2) of Director General of Taxes Regulation No. 62/PJ./2009 dated November 5, 2009 which has been amended by Director General of Taxes Regulation No. 25/PJ/2010 dated April 30, 2010 regarding Prevention of Tax Treaty Abuse as follow:

1. The company establishment or the company's arrangement of transaction structure/scheme is not solely intended to take advantage of a tax treaty benefit; and
2. Its operation is managed by the management itself that has sufficient authority to do transactions; and
3. The company has employees; and
4. The company has activities or active business; and
5. The Indonesian-sourced income is subject to tax in the recipient country; and
6. The company does not use more than fifty percent (50%) of its total income to fulfill its obligations to other parties in the form of interest, royalty or other types of compensation.

Further, Shareholders also have to submit the original copy of its Certificate of Domicile (DGT Form 1) to PLB to demonstrate that they are the beneficial owner of the interest payment.

Article 26 of Income Tax Law stipulates that income tax on interest become payable when the interest payment is due based on the agreement or paid by PLB (whichever occurred first).

There is no need for the PLB to obtain tax clearance in order to remit interest.

Disclaimer

This opinion is furnished to the abovementioned addressees for their sole benefit in connection with the plan to acquire Siloam Hospitals Labuan Bajo (SHLB). Should this opinion be shown to any third party, then it is agreed that it is done on the basis that our opinion may not be relied upon by any other persons, companies or institutions. Moreover, there is a possibility that the interpretation of the tax laws and regulations on the transactions may give a different result with the tax authority.

We trust the above information is of assistance. Should you have any questions, please do not hesitate to contact us.

Sincerely yours,


Aristo Tjahyadi
Partner



NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of First Real Estate Investment Trust ("**First REIT**") will be held at Mandarin Ballroom I, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 28 December 2016, at 2.00 p.m. (the "**EGM**"), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution:

ORDINARY RESOLUTION – THE SHLB ACQUISITION AND THE SHLB MASTER LEASE

That:

- (i) approval be and is hereby given for the proposed acquisition of Siloam Hospitals Labuan Bajo ("**SHLB**", and the proposed acquisition of SHLB, the "**SHLB Acquisition**") by PT Prima Labuan Bajo (an indirect wholly-owned subsidiary of First REIT) ("**PT PLB**") from PT Pancuran Intan Makmur (the "**Vendor**"), an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (the "**Sponsor**"), based on the terms and conditions set out in the conditional sale and purchase agreement entered into between PT PLB and the Vendor on 7 November 2016, as well as for the payment of all fees and expenses relating to the SHLB Acquisition;
- (ii) approval be and is hereby given for the grant of a master lease of SHLB to the Sponsor and PT Lintas Buana Jaya (the "**Siloam Lessee**"), a wholly-owned subsidiary of PT Siloam Hospitals Tbk, which is in turn a subsidiary of the Sponsor (collectively, as master lessees of SHLB) (the "**SHLB Master Lease**"), based on the terms and conditions set out in the master lease agreement to be entered into between PT PLB (as master lessor of SHLB) and the Sponsor and the Siloam Lessee; and
- (iii) Bowsprit Capital Corporation Limited, as the manager of First REIT (the "**Manager**"), any director of the Manager ("**Director**") and HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the "**Trustee**"), be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of First REIT to give effect to the SHLB Acquisition and the SHLB Master Lease.

BY ORDER OF THE BOARD

Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
(Company Registration No. 200607070D)

Victor Lai
Susie Low
Company Secretaries
Singapore
9 December 2016

Important Notice:

- (1) A unitholder of First REIT ("**Unitholder**") who is not a relevant intermediary (as defined below) and entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holding (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed in the Proxy Form (defined below).

"**Relevant intermediary**" means:

- (a) a banking corporation licenced under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or

- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing a proxy or proxies (the "**Proxy Form**") must be lodged at the Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT:

1. A relevant intermediary may appoint more than two proxies to attend and vote at the Extraordinary General Meeting (please see Note 2 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy units in First Real Estate Investment Trust, this Circular is forwarded to them at the request of the CPF Approved Nominees and is sent **FOR INFORMATION ONLY**.
3. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representatives(s), the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 9 December 2016.

I/We _____ (Name) _____ (NRIC/Passport No.)

of _____ (Address)

being a unitholder/unitholders of First Real Estate Investment Trust ("**First REIT**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Unitholdings	
		No. of Units	%
Address			

or, both of whom failing, the Chairman of the Extraordinary General Meeting ("**EGM**") as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the EGM of First REIT to be held at Mandarin Ballroom I, Level 6, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867 on Wednesday, 28 December 2016, at 2.00 p.m. and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the EGM and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her/their discretion.

	Resolution	No. of Votes For *	No. of Votes Against *
	ORDINARY RESOLUTION		
1	To approve the SHLB Acquisition and the SHLB Master Lease		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

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

Total number of Units held in:	No. of Units
(a) CDP register	
(b) Register of Unitholders	



IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of First Real Estate Investment Trust ("**First REIT**" and a unitholder of First REIT, "**Unitholder**") who is not a relevant intermediary and entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote in his or her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he or she specifies the proportion of his or her holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend and vote at the EGM is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
"**Relevant intermediary**" means:
 - (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore, or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity,
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore, and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be deposited at Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time set for the EGM.
4. Completion and return of the instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

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Affix
Postage
Stamp

The Company Secretary
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold here

5. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289) maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders of First REIT, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and registered in his or her name in the Register of Unitholders of First REIT, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
6. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
7. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the instrument may be treated as invalid.
8. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the EGM in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the EGM.
9. The Manager and the Trustee shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager: (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the EGM, supplied by CDP to the Manager and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy/ies (if any) are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
10. All Unitholders will be bound by the outcome of the EGM regardless of whether they have attended or voted at the EGM.
11. At any meeting, a resolution put to the vote of the meeting shall be decided by way of a poll. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he or she is the Unitholder. There shall be no division of votes between a Unitholder who is present and voting at the EGM and his or her proxy(ies). A person entitled to more than one vote need not use all his or her votes or cast them the same way.