

**THIS OFFER INFORMATION STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.**

The collective investment scheme offered in this Offer Information Statement is an authorised scheme under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). A copy of this Offer Information Statement, together with the application form ("ARE") for the new units in First Real Estate Investment Trust ("First REIT") to be issued for the purpose of the Rights Issue (as defined herein) ("Rights Units") and Excess Rights Units (as defined herein) and the application form and acceptance form ("ARS") for Rights Units to be issued to purchasers of the Rights Entitlements (as defined herein) under the Rights Issue traded on Singapore Exchange Securities Trading Limited (the "SGX-ST") under the book-entry (scripless) settlement system, has been lodged with the Monetary Authority of Singapore (the "Authority" or the "MAS"). The Authority assumes no responsibility for the contents of this Offer Information Statement, the ARE and the ARS. Lodgement of this Offer Information Statement with the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the units being offered, or in respect of which an invitation is made, for investment.

Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's in-principle approval is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, First REIT and/or its subsidiaries. The SGX-ST assumes no responsibility for the accuracy of any statements made, reports contained or opinions expressed in this Offer Information Statement. No units in First REIT ("Units") shall be allotted or allocated on the basis of this Offer Information Statement later than the date falling six months from the date of lodgement of this Offer Information Statement.

This Offer Information Statement may not be sent to any person or any jurisdiction in which it would not be permissible to deliver the Rights Units and the "nil-paid" provisional allotment of Rights Units to Eligible Unitholders (as defined herein) under the Rights Issue (the "Rights Entitlements") or make an offer of the Rights Units and the Rights Entitlements and the Rights Units and Rights Entitlements may not be offered, sold, resold, transferred or delivered, directly or indirectly, to any such person or in any such jurisdiction. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions. This Offer Information Statement is not for distribution, directly or indirectly, into the United States of America (the "U.S."). The Rights Units and Rights Entitlements have not been, and will not, be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under any securities laws of any state of the United States or other jurisdiction and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state or local securities laws. The Rights Units and Rights Entitlements are being offered and sold outside the United States in offshore transactions as defined in and in reliance on Regulation S under the Securities Act ("Regulation S"). Please refer to the section entitled "Offering, Selling and Transfer Restrictions" of this Offer Information Statement.

**FIRST REIT**  
**FIRST REAL ESTATE INVESTMENT TRUST**

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

MANAGED BY

**FIRST REIT MANAGEMENT LIMITED**

(Company Registration Number: 200607070D)

**RENOUNCEABLE AND NON-UNDERWRITTEN RIGHTS ISSUE (THE "RIGHTS ISSUE") OF 791,062,223 RIGHTS UNITS AT AN ISSUE PRICE OF S\$0.20 FOR EACH RIGHTS UNIT (THE "ISSUE PRICE"), ON THE BASIS OF 98 RIGHTS UNITS FOR EVERY 100 EXISTING UNITS (THE "RIGHTS RATIO") HELD BY ELIGIBLE UNITHOLDERS AS AT 27 JANUARY 2021 AT 5:00 P.M. (THE "RIGHTS ISSUE RECORD DATE"), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED**

Sole Lead Manager for the Rights Issue

**BofA SECURITIES** 

**IMPORTANT DATES AND TIMES**

(The following is qualified by, and should be read in conjunction with, the section entitled "Timetable of Key Events" of this Offer Information Statement)

Commencement of trading of Rights Entitlements	1 February 2021 from 9:00 a.m.
Last date and time for trading of Rights Entitlements	9 February 2021 at 5:00 p.m.
Last date and time for acceptance of the Rights Entitlements and payment for Rights Units	16 February 2021 at 5:00 p.m. (9:30 p.m. for Electronic Applications through ATMs of Participating Banks (each as defined herein))
Last date and time for acceptance of and payment by the renouncee	16 February 2021 at 5:00 p.m. (9:30 p.m. for Electronic Applications through ATMs of Participating Banks)

The following extract is qualified in its entirety by, and should be read in conjunction with, the full text of this Offer Information Statement. Meanings of defined terms may be found in the section entitled "Glossary" of this Offer Information Statement.

## 1 OVERVIEW OF THE MASTER LEASE RESTRUCTURING

### A BACKGROUND TO THE MASTER LEASE RESTRUCTURING

- Proposed restructuring of the MLAs for all of the LPKR Hospitals
- The resolution to approve the LPKR MLA Restructuring was duly passed by Unitholders at the EGM held on 19 January 2021

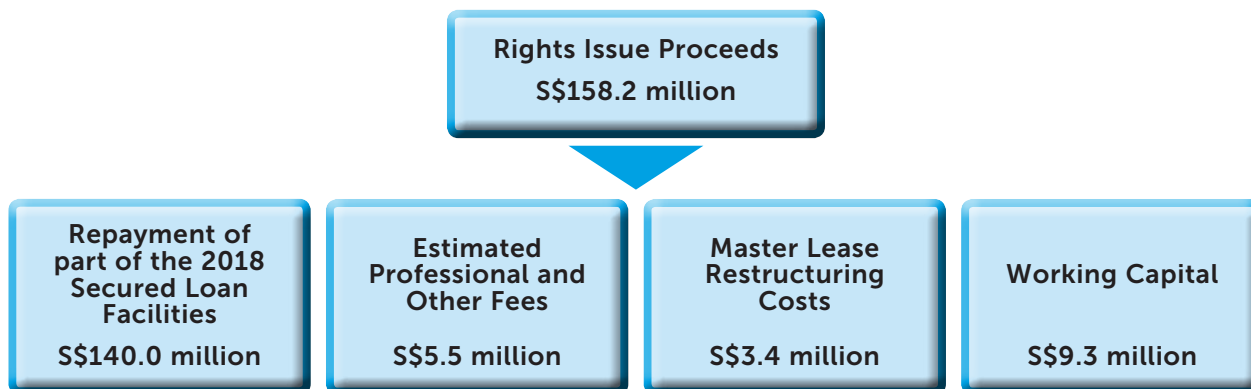
### B THE RIGHTS ISSUE

- First REIT's lenders have also expressed significant concerns over the sustainability of First REIT's capital structure in light of LPKR's current financial circumstances and LPKR's expressed intentions regarding the LPKR MLA Restructuring
- As at 31 December 2020, 80.2% (or approximately S\$394.7 million) of First REIT's debt was coming due within the next 18 months, with 39.7% (or approximately S\$195.6 million) coming due on 1 March 2021
- On 24 December 2020, the Trustee had entered into the Refinancing Facility. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between the amount of S\$400 million under the 2018 Secured Loan Facilities and the maximum amount of S\$260 million under the Refinancing Facility, being S\$140 million, which will be funded by the proceeds of the Rights Issue
- First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the \$195.6 million repayment obligation on 1 March 2021

## 2 OVERVIEW OF THE RIGHTS ISSUE

- Comprises an offer of 791,062,223 Rights Units on a renounceable and non-underwritten basis to Eligible Unitholders
- 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date
- To raise gross proceeds of approximately S\$158.2 million
- Issue Price of S\$0.20 per Rights Unit
- The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units at the Issue Price, which is at a discount of:
  - (i) approximately 50.6% to the Closing Price;
  - (ii) approximately 33.3% to the TERP of S\$0.30 per Unit; and
  - (iii) approximately 44.4% discount to the *pro forma* NAV per Unit after the completion of the Rights Issue, being S\$0.360 per Unit.
- Eligible Unitholders who do not wish to subscribe for the Rights Units may choose to sell their Rights Entitlements during the "nil-paid" rights trading period to realise the value of their Rights Entitlements

### 3 USE OF PROCEEDS



### 4 COMMITMENT AND IRREVOCABLE UNDERTAKINGS

To demonstrate their support for First REIT and the Rights Issue, FRML and OUELH have provided irrevocable undertakings that, among others, FRML will, and OUELH will procure OHIPL to, accept, subscribe and pay in full for, their respective total provisional allotments of the Rights Units. In addition, OUE has provided an irrevocable undertaking that, among others, OUE will either (in the event that the Rights Issue is not underwritten) procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUELH Undertaking) or (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUELH Undertaking)

### 5 ELIGIBLE UNITHOLDERS

- Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Record Date or who have, at least three Market Days prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude (subject to certain exceptions) Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made

### 6 IMPORTANT NOTICE TO (A) CPFIS INVESTORS, (B) SRS INVESTORS AND (C) INVESTORS WHO HOLD UNITS THROUGH A FINANCE COMPANY AND/OR DEPOSITORY AGENT

- Unitholders who have subscribed for or purchased Units under the CPFIS, the SRS or through a finance company and/or Depository Agent can only accept their Rights Entitlements and (if applicable) apply for Excess Rights Units by instructing the relevant banks, finance company and/or Depository Agent in which they hold their CPFIS accounts and/or SRS Accounts to do so on their behalf in accordance with this Offer Information Statement
- ANY ACCEPTANCE AND/OR APPLICATION MADE DIRECTLY BY THE ABOVE-MENTIONED UNITHOLDERS THROUGH CDP, THE UNIT REGISTRAR, THE MANAGER OR THROUGH ELECTRONIC APPLICATIONS AT ATMS OF PARTICIPATING BANKS WILL BE REJECTED

## 7 TIMETABLE OF KEY EVENTS

The timetable for the Rights Issue is set out below. Please refer to the table on Page 17 of the Offer Information Statement for additional information.

EVENT	DATE AND TIME
Last day of "cum-rights" trading for the Rights Issue	25 January 2021
First day of "ex-rights" trading for the Rights Issue	26 January 2021
Rights Issue Record Date	27 January 2021 at 5:00 p.m.
Despatch of the letter containing instructions on how to view, download and print the Offer Information Statement (together with the application forms) to Eligible Unitholders	1 February 2021
Commencement of trading of Rights Entitlements	1 February 2021 from 9:00 a.m.
Last date and time of trading of Rights Entitlements	9 February 2021 at 5:00 p.m.
Closing Date:	
Last date and time for acceptance of the Rights Entitlements and payment for Rights Units	16 February 2021 at 5:00 p.m. (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for application and payment for Excess Rights Units	16 February 2021 at 5:00 p.m. (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for acceptance of and payment by the renouncee	16 February 2021 at 5:00 p.m. (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Expected date of the issuance of the Rights Units	24 February 2021
Expected date for crediting of Rights Units	24 February 2021
Expected date for commencement of trading of Rights Units on the SGX-ST	24 February 2021
Expected date for refund of unsuccessful applications (if made through CDP)	24 February 2021



## 8 SUBSCRIBING FOR THE RIGHTS ISSUE

Further information on the procedures, modes of acceptance and application and payment are contained in Appendix B and Appendix C of the Offer Information Statement.

### PROCEDURE TO COMPLETE THE ARE / ARS

#### A KNOW YOUR HOLDINGS & ENTITLEMENT

Number of Units currently held by you	XX.XXX Units as at <b>5.00 p.m. on 27 January 2021</b> (Rights Issue Record Date)
Number of Rights Units provisionally allotted*	XX.XXX
Issue Price	S\$0.20 per Rights Unit

#### B SELECT YOUR APPLICATION OPTIONS

<b>1. ATM</b>	Follow the procedures set out on the ATM screen of a Participating Bank. Submit your application by <b>9.30 p.m. on 16 February 2021</b> . Participating Banks are DBS BANK LTD. (including POSB), OVERSEA-CHINESE BANKING CORPORATION LIMITED and UNITED OVERSEAS BANK LIMITED.
<b>2. FORM</b>	Complete section C below and submit this form to CDP by <b>5.00 p.m. on 16 February 2021</b> (i) Only BANKER'S DRAFT/CASHIER'S ORDER payable to " <b>CDP-FIRST REIT RIGHTS ISSUE ACCOUNT</b> " will be accepted. (ii) Applications using a <b>PERSONAL CHEQUE, POSTAL ORDER</b> or <b>MONEY ORDER</b> will be rejected. (iii) Write your name and securities account number on the back of the Banker's Draft / Cashier's Order.

This is your Unitholding as at the Rights Issue Record Date.

This is the date to determine your Rights Entitlements.

This is your number of Rights Entitlements.

This is the price that you need to pay when you subscribe for one Rights Unit.

This is the last date and time to subscribe for the Rights Units through ATM and CDP.

You can apply for your Rights Units through ATMs of these participating banks.

This is the payee name to be issued on your Cashier's Order where First REIT is the name of the issuer.

*Note: Please refer to the ARE/ARS for the actual holdings, entitlements, Record Date, Issue Price, Closing Date for subscription, list of participating ATM banks and payee name on the Cashier's Order or Banker's Draft.*

## C DECLARATION

Please read the instructions overleaf and fill in the blanks below accordingly.

**i. Total Number of Rights Units Applied:**   ,   ,   ,    
 (Provisionally Allotted Rights Units + Excess Rights Units)

**ii. Cashier's Order/Banker's Draft Details:**        
 (Input last 6 digits of CO/BD)

Signature of Eligible Unitholder(s)

Date

Fill in the total number of the Rights Units and Excess Rights Units (for ARE) / number of Rights Units (for ARS) that you wish to subscribe within the boxes.

Fill in the 6 digits of the CO / BD number (eg. 001764) within the boxes.

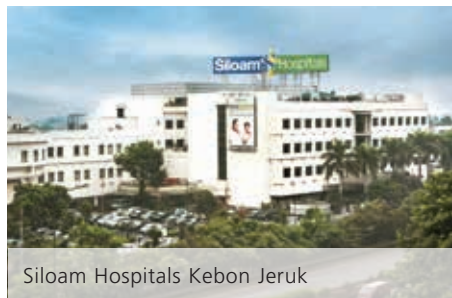
Sign within the box.

### Notes:

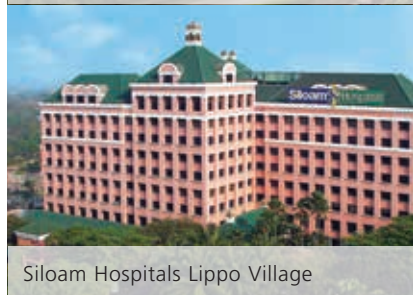
- (i) If the total number of Rights Units applied exceeds the provisional allotted holdings in your CDP Securities Account as at Closing Date, the remaining application will be put under excess and subjected to the excess allocation basis.
- (ii) The total number of Rights Units applied will be based on cash amount stated in your Cashier's Order/Banker's Draft. The total number of Rights Units will be appropriated accordingly if the applied quantity exceeds this amount.
- (iii) Please note to submit one Cashier's Order per application form.



Siloam Hospitals TB Simatupang



Siloam Hospitals Kebon Jeruk



Siloam Hospitals Lippo Village



Siloam Hospitals Makassar



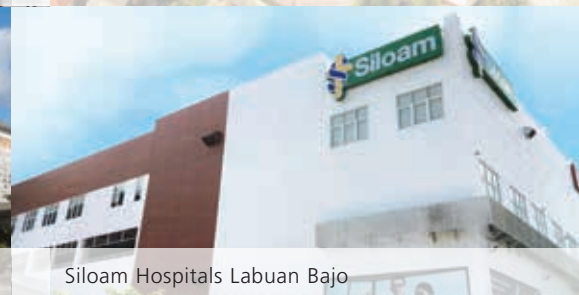
Mochtar Riady Comprehensive Cancer Centre



Siloam Hospitals Surabaya



Siloam Hospitals Bali



Siloam Hospitals Labuan Bajo

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## NOTICE TO UNITHOLDERS AND INVESTORS

No person has been authorised to give any information or make any representations other than those contained in this Offer Information Statement in connection with the Rights Issue and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of First REIT, First REIT Management Limited, as manager of First REIT (the “**Manager**”), or Perpetual (Asia) Limited, as trustee of First REIT (the “**Trustee**”), or Merrill Lynch (Singapore) Pte. Ltd., as sole lead manager for the Rights Issue (the “**Sole Lead Manager**”). Save as expressly stated in this Offer Information Statement, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of First REIT or the Manager. Neither the delivery of this Offer Information Statement nor the issue of the Rights Units shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no material change in the affairs of First REIT or in any of the information contained herein since the date of this Offer Information Statement. Where such changes occur after the date of this Offer Information Statement and are material and required to be disclosed by law and/or the SGX-ST, the Manager will announce such changes via SGXNET<sup>1</sup>, and if required, lodge a supplementary or replacement document with the Authority. All holders of Units (“**Unitholders**”) and investors should take note of any such announcement and, upon the release of such announcement or lodgement of such supplementary or replacement document, as the case may be, shall be deemed to have notice of such changes.

For Eligible Unitholders, acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units may be made through The Central Depository (Pte) Limited (“**CDP**”) or through an automated teller machine (“**ATM**”) of DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited or United Overseas Bank Limited (each a “**Participating Bank**”) in accordance with the terms and conditions of this Offer Information Statement (“**Electronic Application**”).

**Central Provident Fund (“CPF”) Investment Scheme (“CPFIS”) investors, Supplementary Retirement Scheme (“SRS”) investors and investors who hold Units through a finance company and/or Depository Agent (as defined herein) should see the section entitled “Important Notice to (A) CPFIS Investors, (B) SRS Investors and (C) Investors who hold Units through a Finance Company and/or Depository Agent” of this Offer Information Statement for important details relating to the offer procedures for them.**

This Offer Information Statement, the ARE and the ARS may not be used for the purpose of, and do not constitute, an offer, invitation or solicitation in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is unlawful or unauthorised, or to any person to whom it is unlawful to make such offer, invitation or solicitation. In addition, no action has been or will be taken in any jurisdiction (other than Singapore) that would permit a public offering of the Rights Units or the possession, circulation or distribution of this Offer Information Statement or any other material relating to First REIT or the Rights Units in any jurisdiction (other than Singapore) where action for that purpose is required. The Rights Units may not be offered or sold, directly or indirectly, and neither this Offer Information Statement nor any other offering material or advertisements in connection with the Rights Units may be distributed or published in or from any country or jurisdiction, except, in each case, under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction, and the Manager and the Trustee expressly reserve the right to determine in their sole discretion whether to comply with any such applicable rules and regulations for the Rights Units to be offered and sold in such country or jurisdiction. No information in this Offer Information Statement should be considered to be business, financial, legal or tax advice regarding an investment in the Rights Units and/or the Units.

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<sup>1</sup> An internet-based corporate announcement submission system maintained by the SGX-ST.



The Manager, the Trustee, the Sole Lead Manager and each of their respective officers and employees make no representation, warranty or recommendation whatsoever as to the merits of the Rights Issue, the Rights Units, the Rights Entitlements, the Units, the Manager or First REIT and/or its subsidiaries, or any other matter related thereto or in connection therewith. Nothing in this Offer Information Statement or the accompanying documents shall be construed as a recommendation to subscribe for the Rights Units or to purchase the Rights Entitlements. Prospective subscribers of Rights Units and purchasers of Rights Entitlements should rely, and shall be deemed to have relied, on their own independent enquiries and investigations of the affairs of First REIT, including but not limited to, the assets and liabilities, profits and losses, financial position, financial performance, risk factors and prospects of First REIT, and their own appraisal and determination of the merits of investing in First REIT. Persons in doubt as to the action they should take should consult their business, financial, legal, tax or other professional adviser before deciding whether to subscribe for or purchase the Rights Units or the Rights Entitlements.

This Offer Information Statement and the accompanying documents have been prepared solely for the purposes of the Rights Issue and may not be relied upon for any other purposes.

**The Rights Entitlements and the Rights Units have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements or the Rights Units or the accuracy or adequacy of this Offer Information Statement. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions.**

The Rights Units and the Rights Entitlements have not been and will not be registered under the Securities Act or under any securities laws of any state of the United States or other jurisdiction and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Rights Units and the Rights Entitlements are being offered and sold in offshore transactions (as defined under Regulation S) in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the Rights Issue, any offer, sale or transfer of the Rights Entitlements or the Rights Units in or into the U.S. by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

The distribution of this Offer Information Statement and/or its accompanying documents and the purchase, exercise or subscription for Rights Units may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of these jurisdictions. Eligible Unitholders, their renounees, Purchasers (as defined herein) or any other persons having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and observe such prohibitions and restrictions at their own expense and without liability to the Manager, the Trustee, the Sole Lead Manager or any other person involved in the Rights Issue.

Please refer to the section entitled “**Offering, Selling and Transfer Restrictions**” and “**Eligibility of Unitholders to Participate in the Rights Issue**” of this Offer Information Statement.

Selected financial data from the audited financial statements of First REIT for the financial year ended 31 December 2017 (“**FY2017**”, and the audited financial statements of First REIT for FY2017, the “**FY2017 Audited Financial Statements**”), the audited financial statements of First REIT for the financial year ended 31 December 2018 (“**FY2018**”, and the audited financial statements of First REIT for FY2018, the “**FY2018 Audited Financial Statements**”), the audited financial statements of First REIT for the financial year ended 31 December 2019 (“**FY2019**”, and the audited financial statements of First REIT for FY2019, the “**FY2019 Audited Financial Statements**”), the unaudited financial statements of First REIT for the half year ended 30 June 2020 (“**2H2020**”, and the unaudited financial statements of First REIT for 2H2020, the “**2H2020 Unaudited Financial Statements**”) and the unaudited financial statements of First REIT for the financial year ended 31 December 2020 (“**FY2020**”, and the unaudited financial statements of First REIT for FY2020, the “**FY2020 Unaudited Financial Statements**”) (collectively, the “**Financial Statements**”) are set out in **Appendix A** of this Offer Information Statement. Financial data relating to distribution per Unit (“**DPU**”), earnings per Unit (“**EPU**”) and net asset value (“**NAV**”) per Unit, before and after any adjustment to reflect the Master Lease Restructuring (as defined herein) and the issue of the Rights Units are also set out in **Appendix G** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Financial Statements, where applicable, which are available on the website of First REIT at the URL <http://www.first-reit.com/> and are also available for inspection during normal business hours at the registered office of the Manager at 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867, from the date of this Offer Information Statement up to and including the date falling six months after the date of this Offer Information Statement<sup>1</sup>.

Save for the Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained on the website of First REIT does not constitute part of this Offer Information Statement.

**Prospective investors are advised to obtain and read the Financial Statements (including the relevant notes, where applicable) before making any investment decision in relation to the Rights Units and the Rights Entitlements.**

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. None of the Manager or any of its affiliates guarantees the performance of First REIT or the repayment of capital from First REIT, or any particular rate of return.

Unitholders 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 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.

**Notice under Section 309B of the SFA:** The Rights Units and Rights Entitlements are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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<sup>1</sup> Prior appointment with the Manager is required. Please contact First REIT Investor Relations team (telephone: +65 6435 0168 or email: [ir@first-reit.com](mailto:ir@first-reit.com)).

## Forward-Looking Statements

All statements contained in this Offer Information Statement, statements made in public announcements, press releases and oral statements that may be made by First REIT or the Directors, its officers or employees acting on its behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by words that have a bias towards the future or, are forward-looking such as, without limitation, “anticipate”, “aim”, “believe”, “could”, “estimate”, “expect”, “forecast”, “if”, “intend”, “may”, “plan”, “possible”, “predict”, “probable”, “project”, “seek”, “should”, “will” and “would” or other similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the future financial position, operating results, business strategies, plans and future prospects of First REIT and its subsidiaries (collectively, the “**First REIT Group**”) are forward-looking statements. The Manager, the Trustee and the Sole Lead Manager do not represent or warrant that the actual future performance, outcomes or results of First REIT will be as discussed in those statements. These forward-looking statements, including but not limited to statements as to the First REIT Group’s revenue and profitability, prospects, future plans and other matters discussed in this Offer Information Statement regarding matters that are not historical facts, are merely predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the First REIT Group’s actual, future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. Representative examples of such other 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 property expenses and operating expenses, taxes and governmental and public policy changes. Any prediction, projection or forecast on the economy or economic trends of the markets in which the First REIT Group operates is not necessarily indicative of the future or likely performance of the First REIT Group. (See the section entitled “**Risk Factors**” of this Offer Information Statement for a discussion of certain factors to be considered in connection with an investment in the Rights Units and the Rights Entitlements.)

Given the risks, uncertainties and other factors that may cause First REIT’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Offer Information Statement, 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. Investors should read the whole of this Offer Information Statement and make their own assessment of the future performance of First REIT before deciding whether to subscribe for the Rights Units and/or apply for Excess Rights Units. Investors should also make their own independent investigations of any bases and assumptions upon which financial projections, if any, are made or based, and carefully consider this Offer Information Statement in the light of their personal circumstances. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to an appropriate number of decimal places, where applicable.

This Offer Information Statement includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

## **Pro Forma Financial Information**

The *pro forma* financial information contained in this Offer Information Statement (including the *pro forma* DPU yields) is based on historical statements reconstituted on a *pro forma* basis based on numerous assumptions and adjustments (as set out in the section entitled “**Pro Forma Financial Information**” of this Offer Information Statement) and is not necessarily indicative of the total returns and cash flows or financial position of First REIT that would have been attained and had the Master Lease Restructuring and/or Rights Issue actually occurred in the relevant periods. Such *pro forma* financial information, because of its nature, may not give a true or accurate picture of First REIT’s actual total returns or financial position and the Manager, the Trustee and the Sole Lead Manager do not represent or warrant that the actual outcome of the Master Lease Restructuring or the Rights Issue at the relevant dates or periods would have been as presented.

Under no circumstances should the inclusion of such information be regarded as a representation, warranty or prediction that these results would have been achieved, will be achieved or are likely to be achieved. In particular, Unitholders should note that the *pro forma* DPU yields, which are prepared for illustrative purposes only, are calculated based on certain assumptions and assumed price per Unit (as set out in the section entitled “**Pro Forma Financial Information**” of this Offer Information Statement) and even if Unitholder had purchased the Units at the relevant assumed price per Unit, there is no guarantee that the actual or future yields would be as indicated.

## **General**

Each applicant for Units in the Rights Issue will be deemed to have represented and agreed that it is relying on this Offer Information Statement and not on any other information or representation not contained in this Offer Information Statement and none of First REIT, the Manager, the Trustee, the Sole Lead Manager or any other person responsible for this Offer Information Statement or any part of it will have any liability for any such other information or representation.

**IMPORTANT NOTICE TO (A) CPFIS INVESTORS, (B) SRS INVESTORS AND  
(C) INVESTORS WHO HOLD UNITS THROUGH A FINANCE COMPANY  
AND/OR DEPOSITORY AGENT**

Unitholders who have subscribed for or purchased Units under the CPFIS, the SRS or through a finance company and/or Depository Agent can only accept their Rights Entitlements and (if applicable) apply for Excess Rights Units by instructing the relevant banks, finance company and/or Depository Agent in which they hold their CPFIS accounts and/or SRS Accounts (as defined herein) to do so on their behalf in accordance with this Offer Information Statement.

**ANY ACCEPTANCE AND/OR APPLICATION MADE DIRECTLY BY THE ABOVE-MENTIONED UNITHOLDERS THROUGH CDP, BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD. (THE “UNIT REGISTRAR”), THE MANAGER OR THROUGH ELECTRONIC APPLICATIONS AT ATMS OF PARTICIPATING BANKS WILL BE REJECTED.**

The above-mentioned Unitholders, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units to their respective approved bank, finance company and/or Depository Agent.

Such Unitholders are advised to provide their respective approved bank, finance company and/or Depository Agent, as the case may be, with the appropriate instructions no later than the deadlines set by such intermediaries in order for such intermediaries to make the relevant acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units on their behalf in accordance with the terms and conditions in this Offer Information Statement by the Closing Date (as defined below).

**(i) Use of CPF Funds**

Unitholders participating under the CPFIS – Ordinary Account must use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their Rights Entitlements and (if applicable) application for Excess Rights Units, if they have previously bought their Units using their CPF Investible Savings (“**CPF Funds**”).

Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF Funds must have sufficient funds in their CPF Investment Accounts and must instruct their respective approved banks, where such Unitholders hold their CPF Investment Accounts, to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

Such Unitholders who have insufficient funds in their CPF Investment Accounts may deposit cash into their CPF Investment Accounts with their approved banks to enable them to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units. CPF Funds may not, however, be used for the purchase of the Rights Entitlements directly from the market.

**(ii) Use of SRS Funds**

Unitholders who had purchased Units using their SRS Accounts and who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts.



Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, must instruct the relevant approved banks in which they hold their SRS Accounts to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement. Such Unitholders who have insufficient funds in their SRS Accounts may, subject to the SRS contribution cap, deposit cash into their SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units. SRS investors are advised to provide their respective approved banks in which they hold their SRS Accounts with the appropriate instructions no later than the deadlines set by their respective approved banks in order for their respective approved banks to make the relevant acceptance and (if applicable) application on their behalf by the last day for acceptance and payment of the Rights Units (“**Closing Date**”). Any acceptance and (if applicable) application made directly through CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected. For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the Rights Entitlements directly from the market.

**(iii) Holdings through Finance Company and/or Depository Agent**

Unitholders who hold Units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

## ELIGIBILITY OF UNITHOLDERS TO PARTICIPATE IN THE RIGHTS ISSUE

### ELIGIBLE UNITHOLDERS

Eligible Unitholders are Unitholders with Units standing to the credit of their securities accounts with CDP (but do not include securities sub-accounts) (“**Securities Accounts**”) and whose registered addresses with CDP are in Singapore as at the Rights Issue Record Date or who have, at least three Market Days<sup>1</sup> prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made (“**Eligible Unitholders**”).

Eligible Unitholders will receive their Rights Entitlements under the Rights Issue on the basis of their unitholdings in First REIT as at the Rights Issue Record Date and are entitled to participate in the Rights Issue and to receive this Offer Information Statement (including the ARE and the ARS) at their respective Singapore addresses. Eligible Unitholders who do not receive this Offer Information Statement, the ARE and the ARS may obtain them from CDP for the period from the date the Rights Issue commences up to the Closing Date.

Eligible Unitholders are at liberty to accept in part or in full, decline or otherwise renounce or trade (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders (as defined herein) which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renounees of the Rights Entitlements or purchasers of Rights Entitlements (collectively, “**Excess Rights Units**”) will be aggregated and used to satisfy Excess Rights Units applications (if any) or disposed of or otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit.

Subject to the requirements of or otherwise waived by the SGX-ST, in the allotment of Excess Rights Units, preference will be given to the rounding of odd lots (if any) followed by allotment to Unitholders who are neither Directors nor Substantial Unitholders (as defined herein). Directors and Substantial Unitholders who have control or influence over First REIT or the Manager in connection with the day-to-day affairs of First REIT or the terms of the Rights Issue, or have representation (direct or through a nominee) on the board of directors of the Manager (“**Directors**”, and the board of Directors, the “**Board**”), will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units.

**All dealings in and transactions of the Rights Entitlements through the SGX-ST will be effected under the book-entry (scripless) settlement system.**

The procedures for, and the terms and conditions applicable to, acceptances, renunciation and/or sales of the Rights Entitlements and for the applications for Excess Rights Units, including the different modes of acceptance and application and payment, are contained in **Appendix B** and **Appendix C** of this Offer Information Statement and in the ARE and the ARS.

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<sup>1</sup> “**Market Day**” refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

**Notwithstanding the foregoing, investors should note that the offer and sale of, or exercise or acceptance of, or subscription for, the Rights Entitlements and Rights Units to or by persons located or resident in jurisdictions other than Singapore may be restricted or prohibited by the laws of the relevant jurisdiction. Crediting of Rights Entitlements to any Securities Account, the right of any Rights Entitlements, or receipt of this Offer Information Statement and/or any of its accompanying documents, will not constitute an offer or sale in those jurisdictions in which it will be illegal to make such offer or sale, or where such offer or sale will otherwise violate the securities laws of such jurisdictions or be restricted or prohibited. The Manager reserves absolute discretion in determining whether any person may participate in the Rights Issue. Investors are cautioned to note the offering, selling and transfer restrictions set forth in the section “Offering, Selling and Transfer Restrictions” of this Offer Information Statement.**

## **INELIGIBLE UNITHOLDERS**

No Rights Entitlements will be provisionally allotted to Unitholders who are not Eligible Unitholders (“**Ineligible Unitholders**”) and no purported acceptance thereof or application for Excess Rights Units therefore by Ineligible Unitholders will be valid.

This Offer Information Statement and its accompanying documents (including the ARE and the ARS) will not be despatched to Ineligible Unitholders. This Offer Information Statement and its accompanying documents (including the ARE and the ARS) relating to the Rights Issue have not been and will not be lodged, registered or filed in any jurisdiction other than Singapore. Receipt of this Offer Information Statement and its accompanying documents or the crediting of Rights Entitlements to a Securities Account with CDP does not and will not constitute an offer in those jurisdictions in which it would be illegal and the Offer Information Statement and its accompanying documents should not be copied or redistributed.

The offer, sale and delivery of the Rights Units and the Rights Entitlements may be prohibited or restricted in certain jurisdictions under their relevant securities laws. Thus, for practical reasons and in order to avoid any violation of the securities legislation or other relevant laws applicable in countries (other than in Singapore) where Unitholders may have as their addresses registered with CDP, the Rights Issue will not be extended to Ineligible Unitholders.

The Rights Units and the Rights Entitlements have not been and will not be registered under the Securities Act or under any securities laws of any state of the United States or other jurisdiction and may not be offered, sold, resold, allotted, taken up, exercised, pledged, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Rights Units and the Rights Entitlements will only be offered and sold in offshore transactions in reliance on Regulation S.

This Offer Information Statement and its accompanying documents will also not be despatched to persons purchasing or to transferees of the Rights Entitlements, whose registered addresses with CDP are outside Singapore (“**Foreign Purchasers**”). Foreign Purchasers are advised that their participation in the Rights Issue may be restricted or prohibited by the laws of the jurisdiction in which they are located or resident. Foreign Purchasers who wish to accept the Rights Entitlements credited to their Securities Accounts should ensure that they comply with the applicable rules, regulations and, subject to compliance with applicable laws and regulations, make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

The Manager reserves the right, but shall not be obliged, to treat as invalid any application or purported application, or decline to register such application or purported application which (i) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore or which the Manager believes may violate any applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty.

**Notwithstanding the above, Unitholders and any other person having possession of this Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe all legal requirements applicable thereto at their own expense and without liability to the Manager, the Trustee, the Sole Lead Manager or any other person involved in the Rights Issue. No person in any territory outside Singapore receiving this Offer Information Statement may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.**

If it is practicable to do so, the Manager may, in its absolute discretion, arrange for Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account all expenses to be incurred in relation thereto.

Where such Rights Entitlements are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Manager, may, in its absolute discretion, decide and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Sole Lead Manager, CDP or their respective officers in respect of such sales or the proceeds thereof, the Rights Entitlements or the Rights Units represented by such provisional allotments.

The net proceeds from all such sales, after deducting all expenses therefrom, will be pooled and thereafter distributed to Ineligible Unitholders in proportion to their respective unitholdings as at the Rights Issue Record Date and sent to them at their own risk by ordinary post, without interest or any share of revenue or other benefit arising therefrom, provided that where the amount of net proceeds to be distributed to any single Ineligible Unitholder is less than S\$10.00, the Manager shall be entitled to retain or deal with such net proceeds as the Manager may, in its absolute discretion, deem fit for the sole benefit of First REIT and no Ineligible Unitholder shall have any claim whatsoever against the Manager, the Trustee, the Sole Lead Manager or CDP in connection herewith.

If such Rights Entitlements cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the Rights Entitlements, the Rights Units represented by such Rights Entitlements will be issued to satisfy applications for Excess Rights Units or dealt with in such manner as the Manager may, in its absolute discretion, deem fit in the interest of First REIT and no Ineligible Unitholder or persons acting for the account or benefit of any such persons, shall have any claim whatsoever against the Manager, the Trustee, the Sole Lead Manager, CDP and their respective officers in connection therewith.

Unitholders should note that the special arrangement described above will apply only to Ineligible Unitholders.

## OFFERING, SELLING AND TRANSFER RESTRICTIONS

### GENERAL

Investors are advised to consult their legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Rights Entitlements and the Rights Units. No action has been taken or will be taken to permit a public offering of the Rights Units or the Rights Entitlements to occur in any jurisdiction, or the possession, circulation, or distribution of this Offer Information Statement, its accompanying documents or any other material relating to First REIT, the Rights Units or the Rights Entitlements in any jurisdiction where action for such purpose is required, except that this Offer Information Statement has been lodged with the Authority. Accordingly, the Rights Units or the Rights Entitlements may not be offered or sold, directly or indirectly, and none of this Offer Information Statement, its accompanying documents or any offering materials or advertisements in connection with the Rights Units or the Rights Entitlements may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Units, applying for Excess Rights Units or making any offer, sale, resale, pledge or other transfer of the Rights Units or the Rights Entitlements.

**This Offer Information Statement and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.**

### TRANSFER RESTRICTIONS

The Rights Entitlements and the Rights Units have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Rights Entitlements and the Rights Units are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act.

Each purchaser of the Rights Entitlements and/or the Rights Units will be deemed to have represented and agreed as follows (terms defined in Regulation S have the same meanings when used herein):

- (a) it (i) is, and the person, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Units is, outside the United States; and (ii) is acquiring the Rights Entitlements and/or the Rights Units in an offshore transaction in accordance with Regulation S;
- (b) it is aware that the Rights Entitlements and/or the Rights Units have not been and will not be registered under the Securities Act and are being distributed and offered outside the United States in reliance on Regulation S;
- (c) it will inform each person to whom it transfers the Rights Entitlements and/or the Rights Units of any restrictions on transfer of such Rights Entitlements and/or Rights Units; and
- (d) it acknowledges that the Manager and the Sole Lead Manager, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agree that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Rights Entitlements and/or the Rights Units are no longer accurate, it shall promptly notify the Manager and the Sole Lead Manager.



The Manager reserves the right, but shall not be obliged, to treat as invalid any application or purported application, or decline to register such application or purported application which (i) appears to the Manager or its agents to have been executed in any jurisdiction outside Singapore or which the Manager believes may violate any applicable legislation of such jurisdiction, or (ii) purports to exclude any deemed representation or warranty. Notwithstanding the foregoing paragraphs, the Manager may in its sole discretion determine whether to allow the participation in the Rights Issue by Unitholders who are located, resident or with a registered address in other jurisdictions outside of Singapore, subject to and in compliance with the applicable securities and other laws of the relevant jurisdictions.

The Manager and the Sole Lead Manager have not taken any action, nor will the Manager or the Sole Lead Manager take any action, in any jurisdiction other than Singapore that would permit a public offering of the Rights Entitlements and Rights Units, or the possession, circulation or distribution of this Offer Information Statement or any other material relating to First REIT, the Manager, the Rights Entitlements or the Rights Units in any jurisdiction other than Singapore where action for that purpose is required.

The distribution of this Offer Information Statement and/or its accompanying documents and the purchase, exercise or subscription for Rights Units may be prohibited or restricted by law (either absolutely or subject to various securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of these jurisdictions. Eligible Unitholders, their renounees, Purchasers or any other persons having possession of this Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe such prohibitions and restrictions at their own expense and without liability to the Manager, the Trustee, the Sole Lead Manager or any other person involved in the Rights Issue. No person in any territory outside Singapore receiving this Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Units unless such offer, invitation or solicitation could lawfully be made without violating any regulation or legal requirements in such territory.

## **CERTAIN DEFINED TERMS AND CONVENTIONS**

First REIT publishes its financial statements in Singapore Dollars. In this Offer Information Statement, references to “S\$”, “Singapore Dollar” or “Singapore cent” are to the lawful currency of the Republic of Singapore and references to “Rp.” or “Indonesian Rupiah” are to the lawful currency of the Republic of Indonesia. All references to dates and times are to Singapore dates and times.

Certain monetary amounts set out in this Offer Information Statement have been subject to rounding adjustments. Accordingly, figures shown as totals in tables may not be an arithmetic aggregation of the figures that precede them.

Capitalised terms used in this Offer Information Statement shall have the meanings set out in the Glossary on pages 69 to 78 of this Offer Information Statement.

Unless otherwise indicated, certain Indonesian Rupiah and Singapore Dollar amounts in this Offer Information Statement have been translated based on the exchange rate of S\$1.00 = Rp.10,830 for illustrative purpose only. Such translations should not be construed as representations that the Indonesian Rupiah and Singapore Dollar amounts have been, would have been or could be translated at those rates or any other rate, at any particular rate or at all.

References of “Appendix” or “Appendices” are to the appendices set out in this Offer Information Statement.

## CORPORATE INFORMATION

<b>Directors of the Manager</b>	:	Mr Christopher James Williams (Chairman and Non-Independent Non-Executive Director) Mr Tan Kok Mian Victor (Executive Director and Chief Executive Officer) Mr Chan Pengee Adrian (Lead Independent Director) Mr Ferris Charles Bye (Independent Director) Mr Tan Chuan Lye (Independent Director) Mr Martin Lechner (Independent Director) Ms Minny Riady (Non-Independent Non-Executive Director)
<b>Registered Office of the Manager</b>	:	333 Orchard Road #33-02 Mandarin Orchard Singapore Singapore 238867
<b>Trustee</b>	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT) 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
<b>Sole Lead Manager</b>	:	Merrill Lynch (Singapore) Pte. Ltd. 50 Collyer Quay #14-01 OUE Bayfront Singapore 049321
<b>Legal Adviser for the Rights Issue and to the Manager</b>	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
<b>Legal Adviser to the Sole Lead Manager as to Singapore Law</b>	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
<b>Legal Adviser to the Sole Lead Manager as to U.S. Federal Securities Law</b>	:	Sidley Austin LLP Level 31 Six Battery Road Singapore 049909
<b>Legal Adviser to the Trustee</b>	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624

- Independent Valuers** : Cushman & Wakefield VHS Pte. Ltd. (“**C&W**”)  
3 Church Street #09-03  
Singapore 049483  
(appointed by the Trustee)
- Kantor Jasa Penilai Publik Willson dan Rekan in  
association with Knight Frank (and together with C&W,  
the “**Independent Valuers**”)  
Chase Plaza 17th Floor  
Jl. Jend. Sudirman Kav. 21  
Jakarta 12920, Indonesia  
(appointed by the Manager)
- Independent Market Research  
Consultant** : Frost & Sullivan (Singapore) Pte Ltd  
78 Shenton Way #32-00  
Singapore 079120
- Unit Registrar and Unit  
Transfer Office** : Boardroom Corporate & Advisory Services Pte. Ltd.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

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## SUMMARY

*The following summary is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Offer Information Statement. Meanings of defined terms may be found in the section entitled “Glossary” of this Offer Information Statement.*

*Unless otherwise indicated, certain Indonesian Rupiah and Singapore Dollar amounts in this Offer Information Statement have been translated based on the exchange rate of S\$1.00 = Rp.10,830 for illustrative purpose only. Such translations should not be construed as representations that the Indonesian Rupiah and Singapore Dollar amounts have been, would have been or could be translated at those rates or any other rate, at any particular rate or at all.*

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

### 1. Overview of 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 purposes<sup>1</sup>. As at 26 January 2021, being the latest practicable date prior to the date of lodgement of this Offer Information Statement (the “**Latest Practicable Date**”), First REIT’s existing portfolio (the “**Properties**”) comprised 20 properties, 16 of which are located in Indonesia, three in Singapore and one in South Korea.

### 2. Overview of the Master Lease Restructuring

#### (a) Background to the Master Lease Restructuring

All of the properties in First REIT at the time of its initial public offering (“**IPO**”) in December 2006 were leased to PT. Lippo Karawaci Tbk (“**LPKR**”) under master lease agreements (“**MLAs**”). These properties include Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci) (the “**IPO Hospital Properties**”). The MLAs in respect of the IPO Hospital Properties (the “**IPO MLAs**”) have an initial term of 15 years, subject to an option given to LPKR to renew the MLAs for another 15 years. The initial term of the IPO MLAs will expire in December 2021. The Manager has been engaging with LPKR on the renewal of the IPO MLAs since 2019.

On 1 June 2020, LPKR unilaterally announced its intention to restructure the MLAs for all of the hospitals (the “**LPKR Hospitals**”, and the MLAs in relation to the LPKR Hospitals, the “**LPKR MLAs**”) that First REIT had leased to either LPKR or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk (“**Siloam**”).

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<sup>1</sup> 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.

On 30 September 2020, the Manager announced that it had appointed Merrill Lynch (Singapore) Pte. Ltd. as financial adviser to the Manager in connection with the restructuring discussions.

On 22 October 2020, the Manager announced that it had received a request from PT. Metropolis Propertindo Utama (“**MPU**”) for (a) additional rental relief for 2H2020, (b) flexibility in the payment of outstanding rents and (c) restructuring of the existing MLAs entered into with MPU and its subsidiary, PT Bumi Sarana Sejahtera (the “**MPU MLAs**”), in respect of (i) Siloam Sriwijaya, (ii) Siloam Hospitals Purwakarta and (iii) Siloam Hospitals Kupang & Lippo Plaza Kupang (the “**MPU Hospitals**”).

On 29 November 2020, First REIT issued an announcement in respect of the following:

- (i) that the Trustee had on 28 November 2020 entered into a memorandum of understanding with LPKR (the “**LPKR MOU**”) in respect of, among other things, the restructuring of MLAs in relation to the LPKR Hospitals (the “**LPKR MLA Restructuring**”); and
- (ii) that the Trustee had on 28 November 2020 entered into a memorandum of understanding with MPU (the “**MPU MOU**”) in respect of the restructuring of MLAs in relation to the MPU Hospitals (the “**MPU MLA Restructuring**”, and together with the LPKR MLA Restructuring, the “**Master Lease Restructuring**”).

In relation to the Master Lease Restructuring, First REIT issued a circular to Unitholders dated 28 December 2020 (the “**Circular**”) which contained, among others, a notice to convene the extraordinary general meeting of Unitholders, which was held on 19 January 2021 (“**EGM**”) for the purpose of seeking Unitholders’ approval in connection with the LPKR MLA Restructuring, which is an Interested Person Transaction under Chapter 9 of the Listing Manual of the SGX-ST (the “**Listing Manual**”), as well as an Interested Party Transaction under Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the MAS (the “**Property Funds Appendix**”). The resolution to approve the LPKR MLA Restructuring was duly passed by Unitholders on 19 January 2021.

## **(b) The Rights Issue**

The Manager understands that LPKR is facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses. For illustration, LPKR has been generating negative operating cash flows since 2015 with an aggregate negative cash flow of approximately Rp.15.7 trillion (approximately S\$1.5 billion<sup>1</sup>).

First REIT’s lenders have also expressed significant concerns over the sustainability of First REIT’s capital structure in light of LPKR’s current financial circumstances and LPKR’s expressed intentions regarding the LPKR MLA Restructuring.

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1 Computed based on the mid-market Singapore Dollar to Indonesian Rupiah exchange rate at the end of the respective financial year.

As at 31 December 2020, 80.2% (or approximately S\$394.7 million) of First REIT's debt was coming due within the next 18 months, with 39.7% (or approximately S\$195.6<sup>1</sup> million) coming due on 1 March 2021, as illustrated by the following table:

<b>Due Date</b>	<b>Amount</b>	<b>Percentage of Total Debt</b>	<b>Facility</b>
1 March 2021	S\$195.6 million	39.7%	Part of the 2018 Secured Loan Facilities (as defined below)
1 March 2022	S\$99.1 million	20.2%	Part of the 2018 Secured Loan Facilities
16 May 2022	S\$100.0 million	20.3%	The 2019 Secured Loan Facility (as defined below)
<b>Total Debt Due within the next 18 months</b>	<b>S\$394.7 million</b>	<b>80.2%</b>	
1 March 2023	S\$97.7 million	19.8%	Part of the 2018 Secured Loan Facilities
<b>Total</b>	<b>S\$492.4 million</b>	<b>100.0%</b>	

Under syndicated loan facilities of up to S\$400 million, S\$195.6 million is due on 1 March 2021, with the remaining repayable in March 2022 and March 2023 (the "**2018 Secured Loan Facilities**"). The Trustee had entered into a facility agreement with, among others, Oversea-Chinese Banking Corporation Limited ("**OCBC**") and CIMB Bank Berhad, Singapore Branch (collectively, the "**Refinancing Banks**") on 24 December 2020 to refinance the 2018 Secured Loan Facilities with a loan facility of up to S\$260 million (the "**Refinancing Facility**") in order to meet the S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million.

First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$195.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

(Please see **Appendix G** entitled "**Information Relating to the Master Lease Restructuring**" of this Offer Information Statement for further details on the Master Lease Restructuring.)

<sup>1</sup> As at 31 December 2020, based on the FY2020 Unaudited Financial Statements.

### 3. The Rights Issue

The Rights Issue comprises an offer of 791,062,223 Rights Units on a renounceable non-underwritten basis to Eligible Unitholders based on the Rights Ratio of 98 Rights Units for every 100 existing units in First REIT (“**Existing Units**”) held as at the Rights Issue Record Date (fractional entitlements to be disregarded), at the Issue Price of S\$0.20 per Rights Unit, to raise gross proceeds of approximately S\$158.2 million.

The Rights Issue would provide Unitholders with the opportunity to subscribe for their *pro rata* entitlement to the Rights Units at the Issue Price, which is at a discount of:

- (i) approximately 50.6% to the closing price of S\$0.405 per Unit on the SGX-ST on 24 December 2020, being the last trading day of the Units prior to the announcement of the Rights Issue on 28 December 2020 (“**Closing Price**”);
- (ii) approximately 33.3% to the theoretical ex-rights price (“**TERP**”) of S\$0.30 per Unit which is calculated as follows:

$$\text{TERP} = \frac{\text{Market capitalisation of First REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$$

and

- (iii) approximately 44.4% discount to the *pro forma* NAV per Unit after the completion of the Rights Issue, being S\$0.360 per Unit.

Eligible Unitholders who do not wish to subscribe for the Rights Units may choose to sell their Rights Entitlements during the “nil-paid” rights trading period to realise the value of their Rights Entitlements.

The Rights Units will be issued pursuant to a general mandate (the “**General Mandate**”) that was approved by Unitholders to the Manager for the issue of new Units, pursuant to an ordinary resolution obtained at an annual general meeting of Unitholders held on 20 May 2020. Given that the number of Rights Units to be issued under the Rights Issue is within the 100% limit<sup>1</sup> for the issue of new Units on a *pro rata* basis under the General Mandate, prior approval of Unitholders is not required for the issuance of the Rights Units.

### 4. Use of Proceeds

The Rights Issue will raise gross proceeds of approximately S\$158.2 million, with the net proceeds of the Rights Issue, being the gross proceeds of the Rights Issue less the estimated fees and expenses (including professional and other fees and expenses) of approximately S\$5.5 million incurred or to be incurred in connection with the Rights Issue, estimated to be approximately S\$152.7 million. The Manager intends to utilise the gross proceeds of the Rights Issue as follows:

- (i) approximately S\$140.0 million (which is equivalent to 88.5% of the gross proceeds of the Rights Issue) to repay part of the 2018 Secured Loan Facilities;

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<sup>1</sup> The Manager will be relying on the Enhanced Share Issue Limit announced by Singapore Exchange Regulation (the “**SGX RegCo**”) on 8 April 2020 for the Rights Issue. The general mandate for the Enhanced Share Issue Limit had been approved by Unitholders at First REIT’s annual general meeting dated 20 May 2020.

- (ii) approximately S\$5.5 million (which is equivalent to 3.5% of the gross proceeds of the Rights Issue) for the estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue (for the avoidance of doubt, such fees are not underwriting fees as the Rights Issue is not underwritten);
- (iii) approximately S\$3.4 million (which is equivalent to 2.1% of the gross proceeds of the Rights Issue) for master lease restructuring costs; and
- (iv) approximately S\$9.3 million (which is equivalent to 5.9% of the gross proceeds of the Rights Issue) for working capital of First REIT.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds from the Rights Issue via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Manager will also provide a status report on the use of the net proceeds from the Rights Issue in the annual report of First REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

## **5. Rationale for the Rights Issue**

The Trustee had entered into the Refinancing Facility in order to meet the S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million, which will be financed by the proceeds of the Rights Issue.

First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$195.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

## **6. Commitment by First REIT Management Limited (in its own capacity)**

To demonstrate its support for First REIT and the Rights Issue, First REIT Management Limited (in its own capacity) ("**FRML**"), which owns an aggregate interest in 75,573,433 units in First REIT (the "**FRML Initial Units**"), representing approximately 9.36% of the total number of Units in issue<sup>1</sup> as at the Latest Practicable Date, has irrevocably undertaken to the Manager (the "**FRML Undertaking**") that, among other things:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, FRML will have an interest in not less than the number of the FRML Initial Units credited to Securities Accounts with CDP which are held in the name of FRML (each with registered addresses with CDP in Singapore);

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<sup>1</sup> Based on the total number of 807,206,351 Units in issue as at the Latest Practicable Date.

- (ii) in accordance with the terms and conditions of the Rights Issue, FRML will by the Closing Date accept, subscribe and pay in full for, its total provisional allotment of the Rights Units (the “**FRML Allotted Rights Units**”); and
- (iii) FRML will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the FRML Undertaking.

## 7. Commitment by OUE Lippo Healthcare Limited

To demonstrate its support for First REIT and the Rights Issue, OUE Lippo Healthcare Limited (“**OUELH**”), which through its wholly-owned subsidiary, OLH Healthcare Investments Pte. Ltd. (“**OHIPL**”), owns an aggregate interest in 83,593,683 units in First REIT (the “**OHIPL Initial Units**”), representing approximately 10.36% of the total number of Units in issue<sup>1</sup> as at the Latest Practicable Date, has irrevocably undertaken to the Manager (the “**OUELH Undertaking**”) that, among other things:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUELH will procure that OHIPL will have an interest in not less than the number of the OHIPL Initial Units credited to Securities Accounts with CDP which are held in the name of OHIPL (each with registered addresses with CDP in Singapore);
- (ii) in accordance with the terms and conditions of the Rights Issue, OUELH will procure OHIPL to, by the Closing Date accept, subscribe and pay in full for, its total provisional allotment of the Rights Units (the “**OHI Allotted Rights Units**”, and together with the FRML Allotted Rights Units, the “**Allotted Rights Units**”); and
- (iii) OUELH will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in the OUELH Undertaking.

OUELH owns 100.0% of OUELH (SEA) Pte. Ltd. (“**OUELH (SEA)**”), which owns 100.0% of OUE LH (Singapore) Pte. Ltd. (“**OUELH (Singapore)**”), which owns 100.0% of OHIPL.

## 8. Commitment by OUE Limited

To demonstrate its support for First REIT and the Rights Issue, OUE Limited (“**OUE**”), which through its interests in FRML, OUELH and CDPL (as defined below) has deemed interests in 159,167,216 Units (the “**OUE Initial Units**”) representing approximately 19.72% of the total number of Units in issue<sup>2</sup> as at the Latest Practicable Date, has irrevocably undertaken to the Manager (the “**OUE Undertaking**”, and together with the FRML Undertaking and the OUELH Undertaking, the “**Irrevocable Undertakings**”) that, among other things:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of the OUE Initial Units;

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1 Based on the total number of 807,206,351 Units in issue as at the Latest Practicable Date.

2 Based on the total number of 807,206,351 Units in issue as at the Latest Practicable Date.



- (ii) in accordance with the terms and conditions of the Rights Issue, OUE will either:
  - (a) (in the event that the Rights Issue is not underwritten) procure that Clifford Development Pte. Ltd. (“**CDPL**”) applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUELH Undertaking); or
  - (b) (in the event that the Rights Issue is underwritten) commit to the underwriter(s) of the Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUELH Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of OUE Undertaking; and
- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in OUE Undertaking.

## 9. The Irrevocable Undertakings

The Manager is of the view that allowing CDPL to be issued the Rights Units will demonstrate the long-term commitment of OUE to First REIT. It will also further align the interests of OUE with Unitholders.

Accordingly, the Manager has procured the FRML Undertaking, the OUELH Undertaking and the OUE Undertaking as part of its strategy to maximise the total amount raised through the Rights Issue while reducing the uncertainty surrounding the total proceeds to be obtained from the Rights Issue.

The obligations of each of FRML, OUELH and OUE under the Irrevocable Undertakings are subject to and conditional upon:

- (i) the passing of the necessary resolution by the Independent Unitholders (as defined below) at a general meeting of First REIT to approve the proposed restructuring of MLAs which LPKR had entered into with First REIT as initially described in the announcement of First REIT dated 29 November 2020 in relation to the proposed restructuring of certain master leases of First REIT;
- (ii) the approval in-principle having been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Rights Issue;
- (iii) the receipt of a “whitewash waiver” from the Securities Industry Council (“**SIC**”) (such waiver not being revoked or repealed) that CDPL need not, subject to the fulfilment of conditions to be laid down by the SIC, make a mandatory general offer under Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) as a result of the issue of the Rights Units to CDPL, and the fulfilment of the said conditions;

- (iv) subject to the “whitewash waiver” in paragraph 9(iii) above being granted, the passing of the necessary resolution by the Independent Unitholders at a general meeting of First REIT to waive their rights to receive a mandatory general offer for First REIT from CDPL, as a result of the issue of the Rights Units to CDPL (“**Whitewash Resolution**”); and
- (v) the lodgement of this Offer Information Statement with the MAS, together with all other accompanying documents (if applicable), in connection with the Rights Issue.

The Manager has obtained approval from Unitholders, other than CDPL, which is a direct wholly-owned subsidiary of OUE, and its concert parties (as defined in the Take-over Code) (the “**Independent Unitholders**”), in respect of the Whitewash Resolution at the EGM held on 19 January 2021, for a waiver of their right to receive a mandatory offer from CDPL, in the event that it incurs an obligation to make a mandatory offer (“**Mandatory Offer**”) pursuant to Rule 14 of the Take-over Code as a result of the issue of the Rights Units to CDPL pursuant to the OUE Undertaking.

As at the Latest Practicable Date, CDPL and its concert parties hold less than 30.0% of the voting rights in First REIT. Under Rule 14 of the Take-over Code, CDPL would be obliged to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties if it acquires, whether by a series of transactions over a period of time or not, 30.0% or more of the total issued Units.

Subscription by and issuance to FRML and OHIPL of their respective allotted Rights Units pursuant to the FRML Undertaking and the OUELH Undertaking shall not affect the aggregate interest (including deemed interest) of CDPL and its concert parties in Units since FRML and OHIPL are subscribing to their *pro rata* entitlements under the Rights Issue.

However, the issue of Rights Units to CDPL under the OUE Undertaking may result in the aggregate interest of CDPL and its concert parties in Units reaching the threshold of 30.0% or more of the total issued Units, and thereby trigger the requirement under Rule 14 of the Take-over Code for CDPL to make a Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties.

On 11 December 2020, an application was made to the SIC for the waiver of the obligation of CDPL to make a Mandatory Offer under Rule 14.1(a) of the Take-over Code should the obligation to do so arise as a result of the allotment of the Rights Units to CDPL pursuant to the OUE Undertaking. The SIC has granted the waiver, subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of First REIT approve at a general meeting, before the issue of the Rights Units, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from CDPL and its concert parties;
- (ii) the Whitewash Resolution is separate from other resolutions;
- (iii) CDPL and its concert parties as well as parties not independent of them abstain from voting on the Whitewash Resolution;

- (iv) CDPL and its concert parties did not acquire or are not to acquire any units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in the Circular):
  - (a) during the period between the first announcement of the Rights Issue and the date Unitholders' approval is obtained for the Whitewash Resolution; and
  - (b) in the six months prior to the announcement of the Rights Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Rights Issue;
- (v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) First REIT sets out clearly in its Circular to Unitholders:
  - (a) details of the Rights Issue and the proposed issue of the Rights Units to CDPL;
  - (b) the dilution effect to existing Unitholders of voting rights upon the issue of the Rights Units to CDPL;
  - (c) the number and percentage of voting rights in First REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by CDPL and its concert parties at the latest practicable date;
  - (d) the number and percentage of voting rights to be acquired by CDPL upon the issue of the Rights Units;
  - (e) specific and prominent reference to the possibility that the issue of the Rights Units to CDPL could result in CDPL and its concert parties holding Units carrying over 49% of the voting rights of First REIT and to the fact that CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 to make a general offer; and
  - (f) specific and prominent reference to the fact that Unitholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from CDPL at the highest price paid by CDPL and its concert parties for the Units in the past six months preceding the commencement of the Rights Issue;
- (vii) the Circular by First REIT to Unitholders states that the waiver granted by the SIC to CDPL from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions stated at sub-paragraphs (i) to (vi) above;
- (viii) First REIT obtains the SIC's approval in advance for those parts of the Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within three months of the date of the email granting the waiver and the acquisition of the Rights Units by CDPL must be completed within three months of the date of the approval of the Whitewash Resolution.

The Manager has obtained the approval of Unitholders in respect of the Whitewash Resolution at the EGM held on 19 January 2021.

Given that the provision of the Irrevocable Undertakings will result in the subscription of all unsubscribed Rights Units remaining after the fulfilment of valid Excess Rights Units applications by other Unitholders for the same under the terms of the Rights Issue, the Rights Issue will not be underwritten by any financial institution. For the avoidance of doubt, no commission or fee will be paid to FRML, OUELH or OUE in consideration of the FRML Undertaking, the OUELH Undertaking and the OUE Undertaking, respectively.

#### **10. Status of the Rights Units**

First REIT's current policy is to distribute its distributable income on a quarterly basis to Unitholders. The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 January 2021 to 31 March 2021 as well as all distributions thereafter.

Eligible Unitholders who validly accept, in full, their provisional allotments of Rights Units in accordance with the terms of this Offer Information Statement, will receive such amount of the accrued distributions for the period from 1 January 2021 to 31 March 2021 which they would have been entitled to had the Rights Issue not occurred. Eligible Unitholders who decide not to accept in full their provisional allotments of Rights Units can, where applicable, make arrangements to trade their Rights Entitlements on the SGX-ST under the book-entry (scripless) settlement system.

For Ineligible Unitholders, the Manager may, at its absolute discretion and if it is practicable to do so, arrange for the Rights Entitlements which would otherwise have been provisionally allotted to Ineligible Unitholders to be sold "nil-paid" on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto. There is no guarantee that such sale will be successful, and even if successful, the proceeds of any such sale may not be sufficient to compensate him fully for the dilution of his unitholding as a result of the Rights Issue.

(See the section entitled "**Eligibility of Unitholders to Participate in the Rights Issue – Ineligible Unitholders**" of this Offer Information Statement.)

## PRINCIPAL TERMS OF THE RIGHTS ISSUE

*The following principal terms and conditions of the Rights Issue are derived from, and should be read in conjunction with, the full text of this Offer Information Statement, and are qualified in their entirety by reference to information appearing elsewhere in this Offer Information Statement.*

- Basis of Provisional Allotments** : Each Eligible Unitholder is entitled to subscribe for 98 Rights Units for every 100 Existing Units standing to the credit of his Securities Account with CDP as at the Rights Issue Record Date, fractional entitlements to be disregarded.
- Issue Size** : 791,062,223 Rights Units.
- The Rights Issue is expected to raise gross proceeds of approximately S\$158.2 million.
- Issue Price** : S\$0.20 per Rights Unit.
- The Rights Units are payable in full upon acceptance and/or application.
- The Issue Price represents a discount of:
- (a) approximately 50.6% to the Closing Price;
  - (b) approximately 33.3% to the TERP of S\$0.30 per Unit; and
  - (c) approximately 44.4% discount to the *pro forma* NAV per Unit after the completion of the Rights Issue, being S\$0.360 per Unit.
- Administrative Fee** : An administrative fee will be incurred by applicants for each Electronic Application made through the ATMs of the Participating Banks.
- Status of Rights Units** : The Rights Units will, upon allotment and issue, rank *pari passu* in all respects with the Existing Units in issue as at the date of issue of the Rights Units, including the right to any distributions which may accrue for the period from 1 January 2021 to 31 March 2021 as well as all distributions thereafter.

Eligible Unitholders who decide not to accept in full their Rights Entitlements can, where applicable, make arrangements to trade them on the SGX-ST under the book-entry (scripless) settlement system during the “nil-paid” rights trading period prescribed by the SGX-ST. If it is practicable to do so, the Manager may also, at its absolute discretion, make arrangements for the Rights Entitlements which would otherwise have been allotted to Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence.

Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account all expenses to be incurred in relation thereto.

**Use of Proceeds** : The Manager intends to utilise the gross proceeds from the Rights Issue, in the following manner:

- (i) approximately S\$140.0 million (which is equivalent to 88.5% of the gross proceeds of the Rights Issue) to repay part of the 2018 Secured Loan Facilities;
- (ii) approximately S\$5.5 million (which is equivalent to 3.5% of the gross proceeds of the Rights Issue) for the estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue (for the avoidance of doubt, such fees are not underwriting fees as the Rights Issue is not underwritten);
- (iii) approximately S\$3.4 million (which is equivalent to 2.1% of the gross proceeds of the Rights Issue) for master lease restructuring costs; and
- (iv) approximately S\$9.3 million (which is equivalent to 5.9% of the gross proceeds of the Rights Issue) for working capital of First REIT.

(See the section entitled “**Summary – Use of Proceeds**” of this Offer Information Statement for further details.)

**Estimated Net Proceeds** : The estimated net proceeds from the Rights Issue (after taking into account the estimated fees and expenses of approximately S\$5.5 million incurred or to be incurred in connection with the Rights Issue) are expected to be approximately S\$152.7 million.

**Purpose of Rights Issue** : The Trustee had entered into the Refinancing Facility in order to meet the S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.



The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million, which will be funded by the proceeds of the Rights Issue.

First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$195.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

(See the section entitled "**Summary – Overview of the Master Lease Restructuring**" of this Offer Information Statement for further details.)

**Eligible Unitholders** : Eligible Unitholders are Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Record Date or who have, at least three Market Days<sup>1</sup> prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made.

Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for Excess Rights Units.

**Eligibility to participate in the Rights Issue** : See the section entitled "**Eligibility of Unitholders to Participate in the Rights Issue**" of this Offer Information Statement for further details.

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<sup>1</sup> "Market Day" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

**Rights Entitlements of Eligible Unitholders**

: Eligible Unitholders will receive their Rights Entitlements and are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (during the Rights Entitlements trading period prescribed by the SGX-ST) their Rights Entitlements and are eligible to apply for the Excess Rights Units on 1 February 2021 from 9.00 a.m. up to the Closing Date as set out in the section entitled “**Timetable of Key Events**” of this Offer Information Statement.

Eligible Unitholders who wish to renounce their Rights Entitlements in favour of a third party should note that CDP requires three Market Days to effect such renunciation. As such, Eligible Unitholders who wish to renounce are advised to do so early to allow sufficient time for the renouncee to accept his Rights Entitlements and make payment for the Rights Units.

Each Eligible Unitholder may, among other things, choose to:

- (i) accept all or a portion of his Rights Entitlements;
- (ii) renounce all or a portion of Rights Entitlements in favour of a third party; and/or
- (iii) trade all or a portion of his Rights Entitlements.

In addition, each Eligible Unitholder may also apply for Excess Rights Units.

The procedures for acceptance, payment, renunciation and application for Rights Units and/or Excess Rights Units by Eligible Unitholders are set out in **Appendix B** and **Appendix C** of this Offer Information Statement.

**Ineligible Unitholders**

: No provisional allotments of Rights Units will be made to Ineligible Unitholders and no purported acceptance thereof or application for Excess Rights Units thereof by Ineligible Unitholders will be valid.

Ineligible Unitholders should refer to the section entitled “**Eligibility of Unitholders to Participate in the Rights Issue – Ineligible Unitholders**” of this Offer Information Statement.

**Trading of the Rights  
Units/Rights Entitlements**

: Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST can do so for the period commencing on 1 February 2021 from 9:00 a.m., being the date and time of commencement of the Rights Entitlements trading, and ending on 9 February 2021 at 5:00 p.m., being the last date and time of the Rights Entitlements trading.

The Rights Units and the Rights Entitlements will be traded on the Main Board of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Main Board of the SGX-ST, each board lot of Units will comprise 100 Units or Rights Entitlements (as the case may be). All dealings in and transactions (including transfers) of the Rights Units effected through the SGX-ST and/or CDP shall be made in accordance with the "Terms and Conditions for Operation of Securities Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP.

**Manner of Refund**

: When any acceptance of Rights Entitlements and/or Excess Rights Units application is invalid or unsuccessful, the amount paid on acceptance and/or application will be returned or refunded to such applicants without interest or any share of revenue or other benefit arising therefrom within three business days after commencement of trading of the Rights Units by any one or a combination of the following:

- (i) where the acceptance and/or application had been made through CDP, by crediting their designated bank accounts via CDP's Direct Crediting Service or in the case where refunds are to be made to Depository Agents or Member Companies, by means of telegraphic transfer. In the event that an applicant is not subscribed to CDP's Direct Crediting Service, any monies to be returned or refunded will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (such retention by CDP being a good discharge of the Manager's obligations); and
- (ii) where the acceptance and/or application had been made through Electronic Applications, by crediting their bank accounts with the relevant Participating Banks at their own risk, the receipt by such bank being a good discharge of the Manager's and CDP's obligations.

<b>Trading of Odd Lots of Units</b>	:	Eligible Unitholders who hold odd lots of Units (that is, lots other than board lots of 100 Units) and who wish to trade in odd lots are able to trade odd lots of Units on the SGX-ST's Unit Share Market <sup>1</sup> .
<b>Listing of the Rights Units</b>	:	Approval in-principle has been obtained from the SGX-ST on 24 December 2020 for the listing and quotation of, <i>inter alia</i> , the Rights Units on the Main Board of the SGX-ST subject to certain conditions being met.  The approval in-principle of the SGX-ST is not to be taken as an indication of the merits of the Rights Issue, the Rights Units, First REIT and/or its subsidiaries.
<b>Unitholders who are SRS investors or who hold Units through a finance company and/or Depository Agent</b>	:	<b>CPFIS investors, SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled "Important Notice to (A) CPFIS investors, (B) SRS Investors and (C) Investors who Hold Units Through a Finance Company and/or Depository Agent" of this Offer Information Statement for important details.</b>
<b>Underwriting</b>	:	The Rights Issue is not underwritten by any financial institution.
<b>Irrevocable Undertakings</b>	:	Given that the provision of the Irrevocable Undertakings will result in the subscription of all unsubscribed Rights Units remaining after the fulfilment of valid Excess Rights Units applications by other Unitholders for the same under the terms of the Rights Issue, the Rights Issue will not be underwritten by any financial institution.
<b>Governing Law</b>	:	Laws of the Republic of Singapore.

**AS THE RIGHTS ISSUE IS MADE ON A RENOUNCEABLE BASIS, THE RIGHTS ENTITLEMENTS CAN BE RENOUNCED IN FAVOUR OF A THIRD PARTY OR, TRADED ON THE SGX-ST DURING THE RIGHTS ENTITLEMENTS TRADING PERIOD.**

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<sup>1</sup> "Unit Share Market" refers to the ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit.

## TIMETABLE OF KEY EVENTS

*The timetable for the Rights Issue is set out below.*

Event	Date and Time
Last day of “cum-rights” trading for the Rights Issue	: 25 January 2021
First day of “ex-rights” trading for the Rights Issue	: 26 January 2021
Rights Issue Record Date	: 27 January 2021 at 5:00 p.m.
Despatch of the letter containing instructions on how to view, download and print the Offer Information Statement (together with the application forms) to Eligible Unitholders	: 1 February 2021
Commencement of trading of Rights Entitlements	: 1 February 2021 from 9:00 a.m.
Last date and time of trading of Rights Entitlements	: 9 February 2021 at 5:00 p.m.
<b>Closing Date:</b>	
Last date and time for acceptance of the Rights Entitlements and payment for Rights Units <sup>(1)</sup>	: 16 February 2021 at 5:00 p.m. <sup>(2)</sup> (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for application and payment for Excess Rights Units <sup>(1)</sup>	: 16 February 2021 at 5:00 p.m. <sup>(2)</sup> (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Last date and time for acceptance of and payment by the renounee <sup>(1)</sup>	: 16 February 2021 at 5:00 p.m. <sup>(3)</sup> (16 February 2021 at 9:30 p.m. for Electronic Applications through ATMs of Participating Banks)
Expected date of the issuance of the Rights Units	: 24 February 2021
Expected date for crediting of Rights Units	: 24 February 2021
Expected date for commencement of trading of Rights Units on the SGX-ST	: 24 February 2021
Expected date for refund of unsuccessful applications (if made through CDP)	: 24 February 2021

**Notes:**

- (1) This does not apply to CPFIS investors, SRS investors and investors who hold Units through a finance company and/or Depository Agent. CPFIS investors, SRS investors and investors who hold Units through a finance company and/or Depository Agent should see the section entitled “**Important Notice to (A) CPFIS Investors, (B) SRS Investors and (C) Investors who hold Units through a Finance Company and/or Depository Agent**” of this Offer Information Statement. **Any application made by these investors directly through CDP or through ATMs of Participating Banks, the Unit Registrar and/or the Manager will be rejected.** Such investors, where applicable, will receive notification letter(s) from their respective agent bank, approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective agent bank, approved bank, finance company and/or Depository Agent.
- (2) If acceptances of the Rights Entitlements and (if applicable) applications for Excess Rights Units, as the case may be, are made through CDP in accordance with the ARE and the ARS.
- (3) Eligible Unitholders who wish to renounce their Rights Entitlements in favour of a third party should note that CDP requires at least three Market Days to effect such renunciation. As such, Eligible Unitholders who wish to renounce their Rights Entitlements are advised to do so early to allow sufficient time for the renounee to accept his Rights Entitlements and make payment for Rights Units.

The above timetable is indicative only and subject to change. The Manager may, in consultation with the Sole Lead Manager and with the approval of the SGX-ST, modify the above timetable subject to any limitation under any applicable laws. In such an event, the Manager will announce the same via SGXNET. However, as at the date of this Offer Information Statement, the Manager does not expect the above timetable to be modified.

#### **RESULTS OF THE ALLOTMENT**

The Manager will announce the results of the Rights Issue through an SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com>.

#### **CREDITING OF RIGHTS ENTITLEMENTS AND RIGHTS UNITS**

The Rights Entitlements will be provisionally allotted to Eligible Unitholders on or about 29 January 2021 by crediting the Rights Entitlements to the Eligible Unitholders' Securities Accounts.

In the case of Eligible Unitholders and their renounees and purchasers of the Rights Entitlements with valid acceptances and (where applicable) successful applications for Excess Rights Units, a notification letter representing such number of Rights Units will be sent by CDP within 10 Market Days after the Closing Date. Such confirmation note shall be deemed to be documentary evidence evidencing title to the Rights Units issued, and CDP will thereafter credit such number of Rights Units to the relevant Securities Accounts. CDP will then send a notification letter to the relevant subscribers stating the number of Rights Units credited to their respective Securities Accounts.

(Please refer to **Appendix B** of this Offer Information Statement for further details relating to the procedures for acceptance, payment, renunciation and application for Rights Units and/or Excess Rights Units by Eligible Unitholders.)



## OVERVIEW OF FIRST REIT

### BACKGROUND OF 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 purposes<sup>1</sup>. As at the Latest Practicable Date, First REIT's existing portfolio comprised 20 properties, 16 of which are located in Indonesia, three in Singapore and one in South Korea.

### GENERAL DEVELOPMENT OF FIRST REIT

The general development of the business of First REIT, from the beginning of the period comprising the three most recent completed financial years to the Latest Practicable Date, is set out below. Save as disclosed below, to the best of the Manager's knowledge and belief, there have been no material changes in the affairs of First REIT since the release of First REIT's financial results for FY2020.

Date	Significant developments
16 January 2018	: The Trustee had secured up to S\$400 million in syndicated secured financing facilities from OCBC
17 May 2018	: The Trustee had secured S\$100 million term loan facilities from CIMB Bank Berhad, Labuan Offshore Branch
26 October 2018	: OUE and OUE LH completed the acquisition of 100.0% of the shares of the Manager from LK REIT Management Pte. Ltd., an indirect wholly-owned subsidiary of LPKR
21 December 2018	: The Manager announced that the operations of Siloam Hospitals Surabaya was not affected by the road subsidence that took place on 18 December 2018 along Gubeng Highway, Surabaya, which is in close proximity to Siloam Hospitals Surabaya
16 April 2019	: The Trustee had secured a S\$100 million in syndicated secured financing facilities from CIMB Bank Berhad, Labuan Offshore Branch and OCBC
13 December 2019	: The National Land Officer of Indonesia had extended the HGB title for Siloam Hospitals Lippo Village for a period of 20 years to 25 December 2039
10 January 2020	: In relation to the road subsidence on Gubeng Highway, Surabaya, Indonesia, the Manager announced that the Indonesian authorities were investigating the matter, and that the road subsidence had a serious impact on the development works to develop a new hospital, which were no longer progressing and were on hold pending the outcome of the investigations
31 March 2020	: Temporary closure of Lippo Plaza Kupang and Lippo Plaza Buton except for essential services, due to Covid-19

<sup>1</sup> 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.

<b>Date</b>	<b>Significant developments</b>
24 April 2020	: First REIT adopted a semi-annual reporting of the financial results with effect from the financial year ending 31 December 2020
29 April 2020	: Extension of temporary closure of Lippo Plaza Kupang and Lippo Plaza Buton to 12 May 2020 and temporary closure of Hotel Aryaduta Manado
14 May 2020	: Extension of temporary closure of Lippo Plaza Kupang to 26 May 2020 and re-opening of Lippo Plaza Buton
18 May 2020	: In relation to the road subsidence on Gubeng Highway, Surabaya, Indonesia, the Manager announced that (a) it had commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields; and (b) the Manager has been in active discussions with all stakeholders to reach a settlement on the matter
21 May 2020	: Change in the name of the Manager from “Bowsprit Capital Corporation Limited” to “First REIT Management Limited”
1 June 2020	: LPKR unilaterally issued a press release entitled “Covid-19 Renders Rental Subsidies Unsustainable; LPKR to Initiate Restructuring Discussions On Leases With First REIT”
29 June 2020	: Termination of the development works agreement entered into between PT Tata Prima Indah and PT Saputra Karya on 20 October 2015
20 July 2020	: First REIT extends two months rental relief to all tenants, to alleviate the economic distress, in view of the Covid-19 pandemic
31 August 2020	: The Manager announced (a) that it was anticipating the receipt of a proposal regarding a potential rental restructuring from LPKR; and (b) that it was in active discussions with all stakeholders to reach a settlement of the road subsidence on Gubeng Highway, Surabaya, Indonesia
20 September 2020	: The Manager announced (a) the receipt of a non-binding proposal regarding the LPKR MLA Restructuring from LPKR; (b) the establishment of an independent board committee comprising the independent directors of the Board of the Manager to consider and evaluate LPKR’s proposal; and (c) that it was in discussions with its lenders and was reviewing all options available to effect a sustainable capital structure for First REIT after taking into account the potential impact of any proposed rental restructuring
22 October 2020	: First REIT extends a further two months rental relief to all tenants in Indonesia
22 October 2020	: The Manager received a request from MPU for (a) additional rental relief for the second half of 2020; (b) flexibility in the payment of outstanding rents; and (c) restructuring of the existing MLAs in respect of (i) Siloam Sriwijaya; (ii) Siloam Hospitals Purwakarta; and (iii) Siloam Hospitals Kupang & Lippo Plaza Kupang
28 November 2020	: The Trustee entered into the LPKR MOU and the MPU MOU in relation to the Master Lease Restructuring

<b>Date</b>	<b>Significant developments</b>
24 December 2020	: The Trustee entered into the Refinancing Facility to meet its repayment obligation on 1 March 2021
28 December 2020	: First REIT issued the Circular which contained, among others, a notice to convene the EGM on 19 January 2021 for the purpose of seeking Unitholders' approval in connection with the LPKR MLA Restructuring and the Whitewash Resolution
28 December 2020	: The Manager announced its intention to carry out a renounceable rights issue for the purposes of repaying part of the 2018 Secured Loan Facilities
19 January 2021	: The resolutions to approve the LPKR MLA Restructuring and the Whitewash Resolution were duly passed by Unitholders at the EGM on 19 January 2021
19 January 2021	: Launch of the Rights Issue

### **The Manager of First REIT**

The manager of First REIT is First REIT Management Limited and its registered office is located at 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867. The names and addresses of the Directors are set out below.

<b>Name</b>	<b>Position</b>	<b>Address</b>
Mr Christopher James Williams	Chairman & Non-Executive Non-Independent Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Mr Tan Kok Mian Victor	Executive Director and Chief Executive Officer	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Mr Chan Pengee Adrian	Lead Independent Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Mr Ferris Charles Bye	Independent Non-Executive Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Mr Tan Chuan Lye	Independent Non-Executive Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Mr Martin Lechner	Independent Non-Executive Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867
Ms Minny Riady	Non-Executive Director	c/o 333 Orchard Road, #33-02 Mandarin Orchard Singapore, Singapore 238867

## Latest Valuation

As announced on 14 January 2021, the valuations of First REIT's Properties are set out below, which have taken into consideration the terms arising from (a) the LPKR MOU; (b) the MPU MOU; and (c) existing occupational arrangements of the Properties.

No.	Properties	Appointed Valuers <sup>(1)</sup>	Valuation (as at 31 December 2020)		% of Portfolio Value <sup>(3)</sup>
			Rp. <sup>(2)</sup> (in 'bn)	S\$ (in 'mn)	
<b>Indonesia</b>					
1	Siloam Hospitals Lippo Village	C&W	1,744.8	164.0	17.5%
2	Siloam Hospitals Kebon Jeruk	C&W	785.1	73.8	7.9%
3	Siloam Hospitals Surabaya	C&W	428.4	40.3	4.3%
4	Imperial Aryaduta Hotel & Country Club	Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank	–	41.4	4.4%
5	Siloam Hospitals Lippo Cikarang	C&W	–	49.8	5.3%
6	Mochtar Riady Comprehensive Cancer Centre	C&W	1,349.6	126.9	13.5%
7	Siloam Hospital Makassar	C&W	702.4	66.0	7.0%
8	Siloam Hospitals Manado & Hotel Aryaduta Manado <sup>(4)</sup>	C&W	–	77.5	8.2%
9	Siloam Hospitals TB Simatupang	C&W	446.1	41.9	4.5%
10	Siloam Hospitals Bali	C&W	670.3	63.0	6.7%
11	Siloam Hospitals Purwakarta	C&W	243.7	22.9	2.4%
12	Siloam Sriwijaya	C&W	262.6	24.7	2.6%
13	Siloam Hospitals Kupang & Lippo Plaza Kupang <sup>(5)</sup>	C&W	–	53.5	5.7%
14	Siloam Hospitals Labuan Bajo	C&W	118.9	11.2	1.2%
15	Siloam Hospitals Buton & Lippo Plaza Buton <sup>(6)</sup>	C&W	–	24.9	2.6%
16	Siloam Hospitals Yogyakarta	C&W	213.5	20.1	2.1%
Indonesia Portfolio Subtotal			–	901.8	96.0%
<b>Singapore</b>					
17	Pacific Healthcare Nursing Home @ Bukit Merah	Savills (as defined herein)	–	9.1	1.0%
18	Pacific Healthcare Nursing Home II @ Bukit Panjang	Savills	–	9.4	1.0%
19	The Lentor Residence	Savills	–	15.3	1.6%
Singapore Portfolio Subtotal				33.8	3.6%
<b>South Korea</b>					
20	Sarang Hospital <sup>(7)</sup>	Colliers (as defined herein)	–	4.1	0.4%
South Korea Portfolio Subtotal				4.1	0.4%
<b>Total Portfolio Value</b>			<b>–</b>	<b>939.7</b>	<b>100%</b>

**Note: Any discrepancies in the totals are due to rounding.**

(1) The appointed valuers for the annual valuation exercise as at 31 December 2020 include C&W, Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank, Savills Valuation And Professional Services (S) Pte Ltd (“Savills”) and Colliers International (Hong Kong) Limited (“Colliers”).

- (2) The LPKR Hospitals and the MPU Hospitals are valued in Indonesian Rupiah and have been converted to Singapore Dollars based on the exchange rate of S\$1 = Rp.10,638.30 as at 31 December 2020.
- (3) Value as a percentage of Total Portfolio Value.
- (4) Siloam Hospitals Manado is valued at Rp.428.3 billion, reflecting S\$40.3 million at the exchange rate of S\$1 = Rp.10,638.30 as at 31 December 2020. Hotel Aryaduta Manado is valued at S\$37.2 million. The aggregate market value of the Siloam Hospitals Manado & Hotel Aryaduta Manado is therefore S\$77.5 million.
- (5) Siloam Hospitals Kupang is valued at Rp.228.3 billion, reflecting S\$21.5 million at the exchange rate of S\$1 = Rp.10,638.30 as at 31 December 2020 while Lippo Plaza Kupang is valued at S\$32.0 million. The aggregate market value of the Siloam Hospitals Kupang & Lippo Plaza Kupang is therefore S\$53.5 million.
- (6) Siloam Hospitals Buton is valued at Rp.132.0 billion, reflecting S\$12.4 million at the exchange rate of S\$1 = Rp.10,638.30 as at 31 December 2020 while Lippo Plaza Buton is valued at S\$12.5 million. The aggregate market value of the Siloam Hospitals Buton & Lippo Plaza Buton is therefore S\$24.9 million.
- (7) The valuation for Sarang Hospital as valued by Colliers is US\$4.6 million as at 31 December 2020. Based on potential upcoming capital expenditure costs, the Manager has taken a prudent view to mark down the valuation of Sarang Hospital to US\$3.1 million. The valuation in Singapore Dollars reflected in the above table is hence based on the value of US\$3.1 million at the exchange rate of US\$1 = S\$1.3221 as at 31 December 2020.

The valuation of First REIT's Singapore and South Korea properties, as well as First REIT's other Indonesian Properties (as defined below) which are not affected by the Master Lease Restructuring was approximately S\$210.8 million as at 31 December 2020.

The valuation of First REIT's Indonesian Properties which are affected by the Master Lease Restructuring was S\$728.9 million as at 31 December 2020<sup>1</sup>.

The total valuation of First REIT's Properties as at 31 December 2020 was S\$939.7 million.

For details on the valuations of the Properties as at 31 December 2020, as well as the impact of the Master Lease Restructuring on the valuations, please refer to **Appendix G** entitled "Information Relating to the Master Lease Restructuring – Valuation Impact" of this Offer Information Statement.

### Information on the Units

As at the Latest Practicable Date, there were 807,206,351 Units in issue and outstanding.

### ***Substantial Unitholders<sup>2</sup> of First REIT and their Unitholdings***

Based on the Register of Substantial Unitholders maintained by the Manager, the Substantial Unitholders of First REIT<sup>3</sup> and their interests in the Units as at the Latest Practicable Date are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%( <sup>1</sup> )
	No. of Units held	%( <sup>1</sup> )	No. of Units held	%( <sup>1</sup> )		
FRML	75,573,433	9.3624	–	–	75,573,433	9.3624
OHIPL	83,593,683	10.3559	–	–	83,593,683	10.3559
OUELH (Singapore)	–	–	83,593,683 <sup>(2)</sup>	10.3559	83,593,683	10.3559
OUELH (SEA)	–	–	83,593,683 <sup>(2)</sup>	10.3559	83,593,683	10.3559
OUELH	–	–	159,167,116 <sup>(2)(3)</sup>	19.7183	159,167,116	19.7183

1 Does not include the valuation for Hotel Aryaduta Manado, which is a property integrated with the LPKR Hospitals and which was valued at approximately S\$37.2 million as at 31 December 2020.

2 "Substantial Unitholders" refer to Unitholders with interests in not less than 5.0% of all Units in issue.

3 The Substantial Unitholders do not have different voting rights from ordinary Unitholders.

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(1)
	No. of Units held	%(1)	No. of Units held	%(1)		
OUE	–	–	159,167,216 <sup>(2)(3)(4)</sup>	19.7183	159,167,216	19.7183
OUE Realty Pte. Ltd. (“ <b>OUE</b> ”)	–	–	159,167,216 <sup>(5)</sup>	19.7183	159,167,216	19.7183
Golden Concord Asia Limited (“ <b>GCAL</b> ”)	–	–	159,167,216 <sup>(6)</sup>	19.7183	159,167,216	19.7183
Fortune Crane Limited (“ <b>FCL</b> ”, formerly known as Fortune Code Limited)	–	–	159,167,216 <sup>(7)</sup>	19.7183	159,167,216	19.7183
Lippo ASM Asia Property Limited (“ <b>LAAPL</b> ”)	–	–	159,167,216 <sup>(8)</sup>	19.7183	159,167,216	19.7183
HKC Property Investment Holdings Limited (“ <b>HKC Property</b> ”)	–	–	159,167,216 <sup>(9)</sup>	19.7183	159,167,216	19.7183
Hongkong Chinese Limited (“ <b>HCL</b> ”)	–	–	159,167,216 <sup>(10)</sup>	19.7183	159,167,216	19.7183
Hennessy Holdings Limited (“ <b>Hennessy</b> ”)	–	–	159,167,216 <sup>(11)</sup>	19.7183	159,167,216	19.7183
Prime Success Limited (“ <b>PSL</b> ”)	–	–	159,167,216 <sup>(12)</sup>	19.7183	159,167,216	19.7183
Lippo Limited (“ <b>LL</b> ”)	–	–	159,167,216 <sup>(13)</sup>	19.7183	159,167,216	19.7183
Lippo Capital Limited (“ <b>LCL</b> ”)	–	–	159,167,216 <sup>(14)</sup>	19.7183	159,167,216	19.7183
Lippo Capital Holdings Company Limited (“ <b>LCH</b> ”)	–	–	159,167,216 <sup>(15)</sup>	19.7183	159,167,216	19.7183
Lippo Capital Group Limited (“ <b>LCG</b> ”)	–	–	159,167,216 <sup>(16)</sup>	19.7183	159,167,216	19.7183
Admiralty Station Management Limited (“ <b>Admiralty</b> ”)	–	–	159,167,216 <sup>(17)</sup>	19.7183	159,167,216	19.7183
Argyle Street Management Limited (“ <b>ASML</b> ”)	–	–	159,167,216 <sup>(18)</sup>	19.7183	159,167,216	19.7183
Argyle Street Management Holdings Limited (“ <b>ASMHL</b> ”)	–	–	159,167,216 <sup>(19)</sup>	19.7183	159,167,216	19.7183
Kin Chan	–	–	159,167,216 <sup>(20)</sup>	19.7183	159,167,216	19.7183
V-Nee Yeh	–	–	159,167,216 <sup>(21)</sup>	19.7183	159,167,216	19.7183
PT Trijaya Utama Mandiri (“ <b>PT TUM</b> ”)	–	–	159,167,216 <sup>(22)</sup>	19.7183	159,167,216	19.7183
James Tjahaja Riady	–	–	159,167,216 <sup>(23)</sup>	19.7183	159,167,216	19.7183
Stephen Riady	–	–	159,167,216 <sup>(24)</sup>	19.7183	159,167,216	19.7183

**Notes:**

(1) Percentage interest is based on 807,206,351 Units in issue as at the Latest Practicable Date.



- (2) OHIPL is 100% owned by OUELH (Singapore). OUELH (Singapore) is 100% owned by OUELH (SEA). OUELH (SEA) is 100% owned by OUELH. OUELH is an indirect subsidiary of OUE. Accordingly, each of OUE, OUELH, OUELH (SEA) and OUELH (Singapore) is deemed to be interested in OHIPL's interest in the Units.
- (3) FRML is 40% directly held by OUELH and 60% directly held by OUE. Accordingly, each of OUELH and OUE has a deemed interest in FRML's interest in the Units.
- (4) CDPL holds 100 Units and is a wholly-owned subsidiary of OUE. OUE is therefore deemed to be interested in CDPL's interest in the Units.
- (5) OUER is the holding company of OUE and has a deemed interest in the Units in which OUE has a deemed interest.
- (6) GCAL is the holding company of OUER and has a deemed interest in the Units in which OUER has a deemed interest.
- (7) FCL is the holding company of GCAL and has a deemed interest in the Units in which GCAL has a deemed interest.
- (8) LAAPL is the holding company of FCL and has a deemed interest in the Units in which FCL has a deemed interest.
- (9) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, HKC Property is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (10) HCL is the immediate holding company of HKC Property. Accordingly, HCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (11) Hennessy is an intermediate holding company of HKC Property. Accordingly, Hennessy is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (12) PSL is an intermediate holding company of HKC Property. Accordingly, PSL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (13) LL is an intermediate holding company of HKC Property. Accordingly, LL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (14) LCL is an intermediate holding company of HKC Property. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (15) LCH is an intermediate holding company of HKC Property. Accordingly, LCH is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (16) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (17) LAAPL is jointly held by HKC Property and Admiralty. Accordingly, Admiralty is deemed to have an interest in the Units in which LAAPL has a deemed interest.
- (18) ASML owns 100% of the voting shares in the capital of Admiralty. Accordingly, ASML is deemed to have an interest in the Units in which Admiralty has a deemed interest.
- (19) ASMHL is the holding company of ASML. Accordingly, ASMHL is deemed to have an interest in the Units in which ASML has a deemed interest.
- (20) Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Kin Chan is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (21) V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, V-Nee Yeh is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (22) PT TUM holds more than 20% of the shares in LCL, which in turn is an intermediate holding company of HKC Property. Accordingly, PT TUM is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (23) Mr James Tjahaja Riady effectively holds all the shares in PT TUM, which holds more than 20% of the shares in LCL. LCL in turn is an intermediate holding company of HKC Property. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest.
- (24) Dr Stephen Riady holds the entire issued share capital of LCG, which is the holding company of LCH. LCH in turn is an intermediate holding company of HKC Property. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest.

### ***History of Issuance of Units***

The table below sets out the Units issued for cash or services within the 12 months immediately preceding the Latest Practicable Date.

<b>Date</b>	<b>Number of Units Issued</b>
13 November 2020	Issue of 1,169,686 Units to the Manager at an issue price of S\$1.0013 as payment of 83.0% of the performance fee component of the management fee payable to the Manager for the period from 1 July 2019 to 30 September 2019.
13 November 2020	Issue of 1,513,264 Units to the Manager at an issue price of S\$0.4668 as payment of 50.0% of the base fee component of the management fee payable to the Manager for the period from 1 July 2020 to 30 September 2020.
27 July 2020	Issue of 1,202,877 Units to the Manager at an issue price of S\$1.0013 as payment of 85.0% of the performance fee component of the management fee payable to the Manager for the period from 1 April 2019 to 30 June 2019.
27 July 2020	Issue of 977,100 Units to the Manager at an issue price of S\$0.7187 as payment of 50.0% of the base fee component of the management fee payable to the Manager for the period from 1 April 2020 to 30 June 2020.
18 May 2020	Issue of 1,231,548 Units to the Manager at an issue price of S\$1.0013 per Unit as payment of 88.0% of the performance fee component of the management fee payable to the Manager for the period from 1 January 2019 to 31 March 2019.
18 May 2020	Issue of 1,118,902 Units to the Manager at an issue price of S\$0.6299 per Unit as payment of 50.0% of the base fee component of the management fee payable to the Manager for the period from 1 January 2020 to 31 March 2020.
29 January 2020	Issue of 1,048,772 Units to the Manager at an issue price of S\$0.9793 per Unit as payment of 72.0% of the performance fee component of the management fee payable to the Manager for the period from 1 October 2018 to 31 December 2018.
29 January 2020	Issue of 1,269,687 Units to the Manager at an issue price of S\$1.0013 per Unit as payment of 89.0% of the base fee component of the management fee payable to the Manager for the period from 1 October 2019 to 31 December 2019.

### **Price Range and Trading Volume of the Units on the SGX-ST**

The highest and lowest closing prices and the average daily volume of Units traded on the SGX-ST for the 12 calendar months immediately preceding the Latest Practicable Date and for the period commencing on 1 January 2021 to the Latest Practicable Date are as follows:

Month/Period	Price Range (S\$ per Unit)		Volume Weighted Average Price (S\$)	Average Daily Volume Traded Units (million)
	Highest	Lowest		
January 2020	1.02	1.00	1.00	2.46
February 2020	1.01	0.98	1.00	2.32
March 2020	0.99	0.51	0.74	4.16
April 2020	0.82	0.67	0.76	1.98
May 2020	0.89	0.79	0.83	1.49
June 2020	0.74	0.70	0.71	3.80
July 2020	0.73	0.56	0.63	1.71
August 2020	0.61	0.50	0.55	1.60
September 2020	0.51	0.41	0.46	2.83
October 2020	0.45	0.40	0.43	0.78
November 2020	0.48	0.40	0.45	3.36
December 2020	0.43	0.23	0.33	6.42
1 January 2021 to the Latest Practicable Date	0.24	0.22	0.23	10.60

**Source: Bloomberg L.P.** Bloomberg L.P. has not provided its consent, for purposes of Section 249 of the SFA (read with Sections 302 and 305B of the SFA), to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information under Sections 253 and 254 of the SFA (both read with Sections 302 and 305B of the SFA). While the Manager has taken reasonable actions to ensure that the information from the relevant report published by Bloomberg L.P. is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, none of the Manager, the Sole Lead Manager or any other party has conducted an independent review of the information contained in such report or verified the accuracy of the contents of the relevant information.

## Indebtedness

### *Existing Borrowings*

As at the Latest Practicable Date, First REIT has total credit facilities of approximately S\$500.0 million (the “**Facilities**”):

<b>Due Date</b>	<b>Amount</b>	<b>Percentage of Total Debt</b>	<b>Facility</b>
1 March 2021	S\$195.6 million	39.7%	Part of the 2018 Secured Loan Facilities
1 March 2022	S\$99.1 million	20.2%	Part of the 2018 Secured Loan Facilities
16 May 2022	S\$100.0 million	20.3%	The S\$100 million syndicated term loan facility provided by OCBC and CIMB Bank Berhad, Labuan Offshore Branch to First REIT on 7 May 2019 (the “ <b>2019 Secured Loan Facility</b> ”)
1 March 2023	S\$97.7 million	19.8%	Part of the 2018 Secured Loan Facilities
<b>Total</b>	<b>S\$492.4 million</b>	<b>100.0%</b>	

Approximately S\$492.4 million of the borrowings were utilised as at the Latest Practicable Date.

As at the Latest Practicable Date, First REIT’s average cost of debt is 3.6% per annum. Approximately 40.0% of the borrowings, which were on a floating rate basis, had been hedged using interest rate swap entered into by First REIT to fix the interest rates on these borrowings. The interest on the remaining 60.0% of First REIT’s borrowings continue to be on a floating rate basis. In addition, First REIT had in 2016 issued S\$60 million of subordinated perpetual securities at a fixed rate of 5.68% per annum, with the first distribution rate reset on 8 July 2021 and subsequent resets occurring every five years thereafter. The perpetual securities have no fixed redemption date and redemption is at the option of First REIT in accordance with the terms and conditions of the securities. The distribution will be payable semi-annually at the discretion of First REIT and will be non-cumulative.

## USE OF PROCEEDS

### OFFER PROCEEDS AND USE OF PROCEEDS

The Rights Issue is intended to raise gross proceeds of approximately S\$158.2 million, with the net proceeds of the Rights Issue, being the gross proceeds of the Rights Issue less the estimated fees and expenses (including professional and other fees and expenses) of approximately S\$5.5 million incurred or to be incurred in connection with the Rights Issue, estimated to be approximately S\$152.7 million.

For each dollar of the gross proceeds of approximately S\$158.2 million that will be raised from the Rights Issue, the Manager intends to allocate the proceeds from the Rights Issue in the following manner:

- (i) approximately 88.5 Singapore cents (equivalent to approximately S\$140.0 million) will be used to repay part of the 2018 Secured Loan Facilities;
- (ii) approximately 3.5 Singapore cents (equivalent to approximately S\$5.5 million) will be used for the estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue (for the avoidance of doubt, such fees are not underwriting fees as the Rights Issue is not underwritten);
- (iii) approximately 2.1 Singapore cents (equivalent to approximately S\$3.4 million) will be used for master lease restructuring costs; and
- (iv) approximately 5.9 Singapore cents (equivalent to approximately S\$9.3 million) will be used for working capital of First REIT.

The Trustee had entered into the Refinancing Facility in order to meet the S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million, which will be funded by the proceeds of the Rights Issue. Accordingly, the Directors are of the view that, in their reasonable opinion, after taking into consideration First REIT's internal resources, its available loan facilities and its obligations under the 2018 Secured Loan Facilities, the Rights Issue must raise net proceeds of at least S\$140 million in order to meet First REIT's S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$195.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

Pending deployment, the net proceeds from the Rights Issue may be deposited with banks and/or financial institutions, or used for any other purpose on a short-term basis as the Manager may, in its absolute discretion, deem fit.

The Manager will make periodic announcements on the utilisation of the net proceeds from the Rights Issue via SGXNET as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated. The Manager will also provide a status report on the use of the net proceeds from the Rights Issue in the annual report of First REIT. Where there is any material deviation from the stated use of proceeds, the Manager will announce the reasons for such deviation.

## Costs of the Rights Issue

First REIT will have to bear professional and other fees and expenses of S\$5.5 million in connection with the Rights Issue.

## ADDITIONAL DETAILS ON THE USE OF PROCEEDS

The following sets out additional details on the use of proceeds if such proceeds are used to (i) acquire or refinance the acquisition of an asset (other than in the ordinary course of business), (ii) finance or refinance the acquisition of a business or (iii) discharge, reduce or retire the indebtedness of First REIT.

### Acquisition or Refinancing the Acquisition of an Asset other than in the Ordinary Course of Business

None of the proceeds from the Rights Issue will be used to acquire or refinance the acquisition of an asset other than in the ordinary course of business.

### Financing or Refinancing the Acquisition of a Business

None of the proceeds from the Rights Issue will be used to finance or refinance the acquisition of a business.

### Discharge, Reduction or Retirement of the Indebtedness of First REIT

The Manager will apply the net proceeds from the Rights Issue towards the repayment of existing indebtedness.

The details of the indebtedness of First REIT which the Manager will reduce in full or in part with the net proceeds from the Rights Issue (including the details of the maturity of such indebtedness and, in relation to indebtedness which First REIT has incurred over the past 12 months, the uses to which the proceeds giving rise to such indebtedness were put) are set out in the table below.

Indebtedness which will be reduced	Usage	Amount	Maturity Date
Part of the 2018 Secured Loan Facilities	Not applicable <sup>(1)</sup>	S\$140 million	1 March 2021

**Note:**

(1) Such indebtedness was not incurred by First REIT over the past 12 months.

## WORKING CAPITAL

The Manager is of the view that, in its reasonable opinion, after taking into consideration First REIT's internal resources, its available loan facilities and the net proceeds from the Rights Issue, the working capital available to First REIT, as at the date of lodgement of this Offer Information Statement, is sufficient to meet First REIT's present requirements.

## UNDERWRITING COMMISSION

The Rights Issue will not be underwritten. No commission or fee will be paid to FRML, OUELH or OUE in consideration of the FRML Undertaking, the OUELH Undertaking and the OUE Undertaking, respectively.

Pursuant to the management agreement dated 27 January 2021 entered into between the Manager and the Sole Lead Manager, in relation to the Rights Issue, Merrill Lynch (Singapore) Pte. Ltd. has been appointed as the Sole Lead Manager to manage the Rights Issue. For the avoidance of doubt, the Sole Lead Manager is not underwriting the Rights Issue. The Sole Lead Manager has also been appointed as financial adviser to the Manager for the LPKR MLA Restructuring.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*This section should be read together with the selected financial data from the Financial Statements which are set out in **Appendix A** of this Offer Information Statement. Such selected financial data should be read together with the relevant notes to the Financial Statements, where applicable, which are available on the website of First REIT at the URL <http://www.first-reit.com/>.*

*Save for the Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained in the website of First REIT does not constitute part of this Offer Information Statement.*

### OPERATING REVIEW

#### Statements of Total Return and Distribution Statements

Selected financial data from the FY2017 Audited Financial Statements, the FY2018 Audited Financial Statements, the FY2019 Audited Financial Statements, the 2H2020 Unaudited Financial Statements and the FY2020 Unaudited Financial Statements are set out in **Appendix A** of this Offer Information Statement. Financial data relating to (i) DPU, (ii) EPU and (iii) EPU after adjustment to reflect the issuance of the Rights Units, among others, are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the Financial Statements where applicable.

#### Balance Sheets and Cash Flow Statements

Selected financial data from the FY2017 Audited Financial Statements, the FY2018 Audited Financial Statements, the FY2019 Audited Financial Statements, the 2H2020 Unaudited Financial Statements and the FY2020 Unaudited Financial Statements, including the line items in the consolidated balance sheets and cash flow statements of First REIT, as well as the number of Units after any adjustment to reflect the issuance of the Rights Units, NAV per Unit, and NAV per Unit after any adjustment to reflect the issuance of the Rights Units, are also set out in **Appendix A** of this Offer Information Statement.

Such selected financial data should be read together with the relevant notes to the FY2019 Audited Financial Statements.

#### Liquidity and Capital Resources

Selected financial data from the 2H2020 Unaudited Financial Statements and the FY2020 Unaudited Financial Statements are set out in **Appendix A** of this Offer Information Statement.

#### **FY2020**

First REIT's cash and cash equivalents was at S\$19.3 million as at 31 December 2020, compared with S\$33.0 million at the close of FY2019.

Net cash generated from operating activities for FY2020 was S\$51.6 million largely due to rental income received by tenants partly offset by the payment of tax expenses.

Net cash used in investing activities was S\$0.2 million during FY2020, which was primarily due to payment for capital expenditure partly offset by interest on progress payment for asset enhancement in relation to Siloam Hospitals Surabaya.

Net cash used in financing activities for FY2020 was S\$65.1 million. This was mainly attributed to payment of loan interests and distributions to Unitholders.



## **FINANCIAL REVIEW**

*The following sets out the management's discussion and analysis on significant factors, including any unusual or infrequent event or new development, which materially affected income available for distribution to Unitholders after tax, including significant components of revenue or expenditure relating to distribution to Unitholders after tax for the financial periods referred to below.*

### **Management's Discussion and Analysis of Financial Condition and Results of Operations**

#### ***FY2018 compared to FY2017***

Rental and other income increased 4.7% to S\$116.2 million compared to FY2017, mainly attributable to contributions from Siloam Hospitals Buton and Siloam Hospitals Yogyakarta as well as from existing Properties.

Net property income increased 4.5% from S\$109.5 million in FY2017 to S\$114.4 million, due to contributions from Siloam Hospitals Buton and Siloam Hospitals Yogyakarta as well as from existing Properties. Total amount available for distribution grew 1.4% compared to FY2017, to S\$67.7 million, due to contributions from Siloam Hospitals Buton and Siloam Hospitals Yogyakarta as well as existing Properties. DPU grew 0.4% to 8.60 Singapore cents in FY2018 as compared to 8.57 Singapore cents in FY2017, due to contributions from Siloam Hospitals Buton and Siloam Hospitals Yogyakarta as well as from existing Properties.

As at 31 December 2018, First REIT had a portfolio of 20 properties with total assets of S\$1.4 billion.

#### ***FY2019 compared to FY2018***

Rental and other income decreased marginally by 0.8% to S\$115.3 million compared to FY2018, mainly attributable to lower variable rentals component from Indonesian Properties.

Net property income decreased 1.3% from S\$114.4 million in FY2018 to S\$112.9 million, due to lower variable rentals component from Indonesian Properties. However, the total amount available for distribution grew 1.2% compared to FY2018, to S\$68.5 million, due to higher interest income from progress payment of asset enhancement in relation to Siloam Hospitals Surabaya net of tax. DPU remained the same at 8.60 Singapore cents compared to FY2018, due to enlarged share base.

As at 31 December 2019, First REIT had a portfolio of 20 properties with total assets of S\$1.4 billion.

#### ***FY2020 compared to FY2019***

Rental and other income decreased 30.9% to S\$79.6 million compared to FY2019, mainly attributable to two months rental relief extended to all tenants in May and June 2020 and additional two months rental relief for Indonesia tenants for September and October 2020 to alleviate the economic distress caused by Covid-19 pandemic.

Net property and other income for FY2020 decreased by 31.4% to S\$77.5 million compared to FY2019, which was mainly due to two months rental relief extended to all tenants in May and June 2020 and additional two months rental relief for Indonesia tenants for September and October 2020 to alleviate the economic distress caused by Covid-19 pandemic. The total amount available for distribution for FY2020 also decreased 51.2% compared to FY2019, to S\$33.4 million, due to lower management fee payable in units.

As at 31 December 2020, First REIT had a portfolio of 20 properties with total assets of S\$1.0 billion.

## Working Capital

First REIT's available financial resources have been sufficient for its working capital requirements for FY2017, FY2018, FY2019 and FY2020.

## BUSINESS PROSPECTS AND TREND INFORMATION

### Business and Financial Prospects of First REIT and Significant Trends and Conditions of the Market

The book value of the Properties is S\$939.7 million as at 31 December 2020, representing a decrease of S\$401.1 million (approximately 29.9%) in the book value of the Properties as at 31 December 2019, having taken into consideration:

- (a) the LPKR MLA Restructuring;
- (b) the MPU MLA Restructuring; and
- (c) existing occupational arrangements of the Properties.

Nonetheless, the Manager believes that the underlying healthcare sector remains attractive and that the Recapitalisation Exercise (as defined below), along with the LPKR MLA Restructuring, provides the most optimal option for First REIT to tide through the short-term volatility, preserve value for Unitholders and position First REIT for future growth.

In particular, the Manager would like to highlight the following:

- (i) **Highly Visible Contracted Cash Flows:** The new 15-year sustainable LPKR MLAs and MPU MLAs will extend First REIT's weighted average lease expiry from 6.4 years as at 31 December 2020 to 12.3 years (assuming that both the LPKR MLA Restructuring and the MPU MLA Restructuring are completed), thus providing Unitholders with a highly visible stream of locked-in cash flows and a more certain and stable lease profile to reposition First REIT for future growth;
- (ii) **Clarity on Asset Valuations:** The LPKR MLA Restructuring provides Unitholders with certainty regarding the valuation of the LPKR Hospitals, which currently comprise approximately 70% of First REIT's rental income and other income in FY2020, and removes any overhang on prices of Units caused by the existing unsustainable master lease structures;
- (iii) **Embedded and Contracted Organic Growth:** Following the completion of the LPKR MLA Restructuring and the MPU MLA Restructuring, approximately 73% of First REIT's FY2019 *pro forma* revenue base will enjoy (i) a minimal rental escalation of 4.5% per annum; and (ii) further upside through a revised performance-based rent structure, where the actual rent paid is the higher of the applicable base fee and 8.0% of the hospital's gross operating revenue ("**GOR**"), which provides the opportunity to enjoy greater upside when underlying hospital assets record better financial performance. This provides Unitholders with visibility over the minimum income growth of First REIT whilst retaining exposure for further upside sharing;
- (iv) **Sponsor-backed Recapitalisation Exercise Resets Capital Structure to a Sustainable Basis:** The sponsor-backed recapitalisation exercise which comprises the 100% sponsor-backstopped S\$158.2 million Rights Issue and the S\$260 million Refinancing Facility (the "**Recapitalisation Exercise**") will (i) bring First REIT's gearing down to approximately 34.4%; (ii) extend its weighted average term to maturity to 1.94 years with zero refinancing due in the next 16 months; and (iii) provide a path for further funding source diversification and optimisation;

- (v) Preserve the Current Ecosystem with LPKR and Siloam as the Operators of the Hospitals: Siloam is the largest hospital operator in Indonesia, and given its extensive hospital and healthcare network, as well as experience in and legacy of having operated all of the Indonesian hospitals in the First REIT's portfolio, Siloam is the natural operator for these assets given their extensive experience with these assets; and
- (vi) Debt Headroom and Sponsor Healthcare Network Supports Future Growth and Diversification: First REIT will have a debt headroom in excess of S\$300 million. This ensures that First REIT is well-placed to seize yield-accretive acquisition opportunities for growth and drive diversification efforts. This is further complemented by OUELH's, being one of the sponsors of First REIT, and OUE's network of income producing and development assets across developed markets (such as Japan) and emerging markets (such as China). The Manager will continue to be on the lookout for new yield-accretive healthcare and/or healthcare-related properties within and outside of Asia, be it through OUELH or through third parties.

First REIT will endeavour to deliver stable and sustainable distributable income to Unitholders. From a position of stability, First REIT is underpinned by a robust long-term outlook of the healthcare sector and will have sufficient debt headroom after the Recapitalisation Exercise and the LPKR MLA Restructuring to pursue yield accretive acquisitions outside of Indonesia, with no refinancing requirements up to 2022.

(See **Appendix F** of this Offer Information Statement for the Independent Market Research Report to understand the basis for the Manager's opinion that the healthcare sector continues to remain attractive with a robust long-term outlook.)

(See the section entitled "**Risk Factors**" of this Offer Information Statement for a discussion of certain business factors or risks pertaining to the Covid-19 pandemic and its significant impact on the healthcare sector in Indonesia, which may have a material and adverse impact on the business, results of operations, financial condition and prospects of First REIT.)

## PRO FORMA FINANCIAL INFORMATION

### **Pro Forma Financial Effects of the Master Lease Restructuring and the Rights Issue**

#### **Basis of preparation and assumptions**

The *pro forma* financial effects of the Master Lease Restructuring and the Rights Issue presented below are **strictly for illustrative purposes only** and are prepared based on the FY2019 Audited Financial Statements and the FY2020 Unaudited Financial Statements and assuming:

- (i) a one-off master lease restructuring cost of S\$3.4 million;
- (ii) 791,062,223 Rights Units will be issued on a *pro rata* basis of 98 Rights Units for every 100 Existing Units at an issue price of S\$0.20 per Rights Unit to raise total proceeds of approximately S\$158.2 million;
- (iii) S\$140.0 million of the gross proceeds of the Rights Issue is to be used to repay part of the 2018 Secured Loan Facilities; and
- (iv) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2019 Audited Consolidated Financial Statements, the FY2020 Unaudited Consolidated Financial Statements and the accounting standards applicable as at the Latest Practicable Date.

#### **FY2019**

##### **Pro Forma DPU**

The *pro forma* financial effects of the Master Lease Restructuring and the Rights Issue on the DPU and DPU yield for FY2019, as if the Master Lease Restructuring and the Rights Issue was completed on 1 January 2019 are as follows:

	FY2019			
	Before the LPKR MLA Restructuring and the Rights Issue <sup>(1)</sup>	After the LPKR MLA Restructuring	After the MPU MLA Restructuring and the LPKR MLA Restructuring	After the Master Lease Restructuring and the Rights Issue
Rental and other income (S\$'000)	115,297	83,012	77,550	77,500
Net property and other income (S\$'000)	112,894	80,609	75,147	75,147
Distributable Income (S\$'000)	68,463	39,804	35,523	41,263
Units in issue and to be issued <sup>(2)</sup>	799,992,974	799,992,974	799,992,974	1,591,055,974
DPU (cents) <sup>(2)</sup>	8.60	4.98 <sup>(3)</sup>	4.44 <sup>(4)</sup>	2.59 <sup>(5)</sup>
DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.22)	–	22.6 <sup>(6)</sup>	20.2 <sup>(7)</sup>	–
DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	9.7 <sup>(8)</sup>	5.6 <sup>(9)</sup>	5.0 <sup>(10)</sup>	–
DPU Yield (%) based on Issue Price (S\$0.20) <sup>(11)</sup>	–	–	–	13.0
DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.22 per Unit) (S\$0.21) <sup>(12)</sup>	–	–	–	12.3

**Notes:**

- (1) Based on the FY2019 Audited Financial Statements.
- (2) The Units in issue and to be issued do not include the 7,213,377 Units issued from 1 January 2020 to the date preceding the date of this Offer Information Statement.
- (3) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 5.40 cents.
- (4) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 4.86 cents.
- (5) Taking into account the issue of 791,062,223 Units, being the Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 2.81 cents.
- (6) Based on the closing price on the Latest Practicable Date of S\$0.22 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 22.1%.
- (7) Based on the closing price on the Latest Practicable Date of S\$0.22 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 24.5%.
- (8) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (9) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 6.1%.
- (10) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.5%.
- (11) Based on the Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 14.1%.
- (12) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.22 per Unit) of S\$0.21 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 13.4%.

**Pro Forma NAV per Unit**

The *pro forma* financial effects of the Master Lease Restructuring and the Rights Issue on the NAV per Unit as at 31 December 2019, as if the Master Lease Restructuring and the Rights Issue were completed on 31 December 2019 are as follows:

	As at 31 December 2019			
	Before the LPKR MLA Restructuring and the Rights Issue <sup>(1)</sup>	After the LPKR MLA Restructuring	After the MPU MLA Restructuring and the LPKR MLA Restructuring	After the Master Lease Restructuring and the Rights Issue
NAV (S\$'000)	794,836	461,074	412,815	571,230
Units in issue and to be issued <sup>(2)</sup>	797,674,515	797,674,515	797,674,515	1,588,737,515 <sup>(3)</sup>
NAV per Unit (cents)	99.64	57.80	51.75	35.95
Leverage ratio	34.5%	45.4%	47.9%	33.9%

**Notes:**

- (1) Based on the FY2019 Audited Financial Statements.
- (2) The Units in issue and to be issued do not include the 9,531,836 Units issued from 1 January 2020 to the date preceding the date of this Offer Information Statement.
- (3) Taking into account the issue of 791,062,223 Units, being the Rights Units.

## Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2019, as if the Master Lease Restructuring and the Rights Issue were completed on 31 December 2019.

	As at 31 December 2019			
	Actual <sup>(1)</sup>	As adjusted for the LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the LPKR MLA Restructuring	After the Master Lease Restructuring and the Rights Issue <sup>(2)</sup>
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>				
Unsecured	–	–	–	–
Secured	–	–	–	–
Total short-term debt	–	–	–	–
<b>Long-term debt:</b>				
Unsecured	–	–	–	–
Secured	486,410	486,410	486,410	346,410
Total long-term debt	486,410	486,410	486,410	346,410
Total Debt	486,410	486,410	486,410	346,410
Unitholders funds	794,836	461,074	412,815	571,230
Perpetual securities holders' fund	60,878	60,878	60,878	60,878
<b>Total Capitalisation</b>	<b>1,342,124</b>	<b>1,008,362</b>	<b>960,103</b>	<b>978,518</b>

### Notes:

(1) Based on the FY2019 Audited Financial Statements.

(2) Taking into account the issue of 791,062,223 Units, being the Rights Units.

## FY2020

### Pro Forma DPU

The FY2020 unaudited figures include rental relief of S\$38.5 million (being four months extended to Indonesia tenants for the months of May, June, September and October 2020, and two months extended to Singapore and South Korea tenants for the months of May and June 2020) and a one-off master lease restructuring cost of S\$3.4 million.

The *pro forma* financial effects of the Master Lease Restructuring and the Rights Issue on the DPU and DPU yield for FY2020, as if the Master Lease Restructuring and the Rights Issue were completed on 1 January 2020 are as follows:

	FY2020 <sup>(1)</sup>			
	Before the LPKR MLA Restructuring and the Rights Issue <sup>(1)</sup>	After the LPKR MLA Restructuring	After the MPU MLA Restructuring and the LPKR MLA Restructuring	After the Master Lease Restructuring and the Rights Issue
Rental and other income (S\$'000)	79,619	57,908	50,971	50,971
Net property and other income (S\$'000)	77,465	55,754	48,817	48,817
Distributable income (S\$'000)	33,413	17,422	12,182	17,922
Units in issue and to be issued	807,206,351	807,206,351	807,206,351	807,206,351
DPU (cents)	4.15	2.16	1.51	1.12 <sup>(2)</sup>
Annualised DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.22)	18.9	9.8 <sup>(3)</sup>	6.9 <sup>(4)</sup>	–
Annualised DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	4.7 <sup>(5)</sup>	2.4 <sup>(6)</sup>	1.7 <sup>(7)</sup>	–
Annualised DPU Yield (%) based on Issue Price (S\$0.20)	–	–	–	5.6 <sup>(8)</sup>
Annualised DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.22 per Unit) (S\$0.21)	–	–	–	5.3 <sup>(9)</sup>

#### Notes:

- (1) Based on the FY2020 Unaudited Financial Statements, which includes the rental relief of S\$38.5 million, being four months extended to Indonesia tenants (for the months of May, June, September and October 2020) and two months extended to Singapore and South Korea tenants (for the months of May and June 2020).
- (2) Taking into account the issue of 791,062,223 Rights Units.
- (3) Based on the closing price on the Latest Practicable Date of S\$0.22 per Unit.
- (4) Based on the closing price on the Latest Practicable Date of S\$0.22 per Unit.
- (5) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (6) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (7) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (8) Based on the Issue Price of S\$0.20 per Unit.
- (9) Based on TERP of S\$0.21 per Unit.



## Pro Forma NAV per Unit

The *pro forma* financial effects of the Master Lease Restructuring and the Rights Issue on the NAV per Unit as at 31 December 2020, as if the Master Lease Restructuring and the Rights Issue were completed on 31 December 2020 are as follows:

	As at 31 December 2020			
	Before the LPKR MLA Restructuring <sup>(1)</sup>	After the LPKR MLA Restructuring	After the MPU MLA Restructuring and the LPKR MLA Restructuring	After the Master Lease Restructuring and the Rights Issue
NAV (S\$'000)	403,092	403,092	403,092	561,507
Units in issue	807,206,351	807,206,351	807,206,351	1,598,268,574 <sup>(2)</sup>
NAV per Unit (cents)	49.94	49.94	49.94	35.13
Leverage ratio	49.0%	49.0%	49.0%	34.6%

### Notes:

- (1) Based on the FY2020 Unaudited Financial Statements, which includes the rental relief of S\$38.5 million, being four months extended to Indonesia tenants (for the months of May, June, September and October 2020) and two months extended to Singapore and South Korea tenants (for the months of May and June 2020).
- (2) Taking into account the issue of 791,062,223 Units, being the Rights Units.

## Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2020, as if the Master Lease Restructuring and the Rights Issue were completed on 31 December 2020.

	As at 31 December 2020 <sup>(1)</sup>			
	Actual	As adjusted for the LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the LPKR MLA Restructuring	As adjusted for the Master Lease Restructuring and the Rights Issue <sup>(2)</sup>
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
<b>Short-term debt:</b>				
Unsecured	–	–	–	–
Secured	195,345	195,345	195,345	–
Total short-term debt	195,345	195,345	195,345	–
<b>Long-term debt:</b>				
Unsecured	–	–	–	–
Secured	293,660	293,660	293,660	349,005
Total long-term debt	293,660	293,660	293,660	349,005
Total Debt	489,005	489,005	489,005	349,005
Unitholders funds	403,092	403,092	403,092	561,507
Perpetual securities holders' fund	60,878	60,878	60,878	60,878
<b>Total Capitalisation</b>	<b>952,975</b>	<b>952,975</b>	<b>952,975</b>	<b>971,390</b>

### Notes:

- (1) Based on the FY2020 Unaudited Financial Statements, which includes the rental relief of S\$38.5 million, being four months extended to Indonesia tenants (for the months of May, June, September and October 2020) and two months extended to Singapore and South Korea tenants (for the months of May and June 2020).
- (2) Taking into account the issue of 791,062,223 Units, being the Rights Units.

## RISK FACTORS

*The risks described below should be carefully considered before making an investment decision in relation to the Rights Entitlements, the Rights Units or the Units. The risks described below are not the only ones relevant to First REIT, the Manager, the Trustee, the Rights Entitlements, the Rights Units or the Units. These risk factors are not intended to be exhaustive and, in particular, are not intended to repeat the risk factors set out in the prospectus dated 4 December 2006 in connection with the listing of First REIT on the SGX-ST (the “Prospectus”) and the offer information statement of First REIT dated 6 December 2010; nonetheless, certain of which may continue to be applicable to First REIT. Details of some of the risk factors relating to the Properties which continue to be applicable to First REIT can be found in the Prospectus and the offer information statement dated 6 December 2010. Additional risks not described below or not presently known to the Manager and/or the Trustee or that it/they currently deem(s) immaterial may later become material and may also impair the business operations of First REIT. The business, financial condition or results of operations of First REIT could be materially and adversely affected by any of these risks.*

### RISKS RELATING TO THE PROPERTIES

**The financial information in the section entitled “Certain Financial Information Relating to First REIT” of this Offer Information Statement does not take into account the financial effects of the Master Lease Restructuring and is not necessarily indicative of the future performance of First REIT.**

The historical financial information contained in **Appendix A** (Certain Financial Information Relating to First REIT) of this Offer Information Statement does not take into account the financial effects of the Master Lease Restructuring, which will result in a material impact to the future operating results of First REIT. Accordingly, the financial information presented in **Appendix A** of this Offer Information Statement does not give a true or accurate picture of First REIT’s financial position, profit or loss or cash flows had the Master Lease Restructuring actually occurred in the relevant periods, and is not necessarily indicative of the future performance of First REIT.

**Most of the Properties are located in Indonesia which exposes First REIT to economic and real estate market conditions and changes in fiscal policies in Indonesia.**

Most of the Properties are situated in Indonesia. As a result, First REIT’s Gross Revenue<sup>1</sup> and results of operations depend to a large extent on the performance of the Indonesian economy. An economic decline in Indonesia could adversely affect First REIT’s Gross Revenue and results.

Political upheavals, natural disasters, insurgency movements, riots and governmental policies all play a pivotal role in the performance of the Properties. (See “**Risk Factors – Risks Relating to Indonesia**” of this Offer Information Statement.)

Further, the Properties will be subject to Indonesian real estate laws, securities laws, tax laws, any applicable laws relating to foreign exchange and related policies, licensing requirements and any unexpected changes to the same. There might be a negative impact on the Properties as a result of measures and policies adopted by the Indonesian government and relevant authorities at the local and national levels, including the imposition of foreign exchange restrictions and/or foreign investment restrictions. There is the risk that First REIT will not be able to repatriate the income and gains derived from the Properties. It may also be difficult to obtain legal protection and recourse in Indonesia. Any inability to repatriate the income and gains from the Properties to Singapore and/or obtain legal protection and recourse in relation to the Properties will affect First REIT’s ability to make distributions to Unitholders.

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<sup>1</sup> “**Gross Revenue**” consists of gross rental income and (where applicable) other income earned from First REIT’s Properties.

**No adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah in respect of the rental amounts payable under the restructured LPKR MLAs and the restructured MPU MLAs.**

Under the restructured LPKR MLAs and the restructured MPU MLAs, the Singapore Dollar denominated rents for each LPKR Hospital and MPU Hospital will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830 on 1 January 2021, in order to derive the pro-rated Indonesian Rupiah denominated Commencement Base Rents (as defined below) for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive). There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. Therefore, First REIT will be exposed to the movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

There can be no assurance that the Indonesian Rupiah will not be subject to depreciation and continued volatility, that the current exchange rate policy will remain the same, or that the Indonesian government will, or will be able to, act when necessary to stabilise, maintain or increase the value of the Indonesian Rupiah, or will not act to devalue the Indonesian Rupiah, or that any such action, if taken, will be successful.

If the Indonesian Rupiah is subject to further depreciation, the amount of rental payments denominated in Singapore Dollar payable to First REIT may decrease over time since there will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. This may adversely affect the distributable income payable to Unitholders.

**Covid-19 or any other infectious and communicable disease or serious public health issue may adversely impact First REIT.**

In March 2020, the World Health Organisation declared the outbreak of a new infectious disease known as "Covid-19" to be a pandemic. Covid-19 has spread rapidly in almost all regions around the world, and has resulted in a rapid deterioration of the political, socio-economic and financial situation globally. More specifically, Covid-19 has led to quarantines, travel restrictions, enhanced health screenings at ports of entry and elsewhere, event cancellations and suspensions, city lockdowns and closed international borders. As a result of the unprecedented measures taken by governments globally, including the imposition of severe movement and travel restrictions, lockdowns, border controls and safe distancing, there have been severe disruptions to businesses in many sectors, including retail, hospitality, travel, manufacturing, logistics, construction, aviation and shipping and many economic activities have come to a halt. The outbreak has resulted, and continues to result, in protracted market volatility, business shutdowns and falling real estate prices. These measures have caused unprecedented drops in gross domestic product and economic productivity in many countries, including significant increases in levels of unemployment, and have caused significant drops and volatility in stock markets and substantial decreases in the earnings of many corporations.

First REIT continues to monitor the impact which the Covid-19 outbreak could have on First REIT's lease arrangements, the jurisdictions in which the Properties are located and more broadly on the macro-economic outlook as further cases emerge and governments and international agencies impose a range of measures to deal with the outbreak. Covid-19 has, and could continue to, adversely impact First REIT's results of operations and future growth.

In particular, government measures to alleviate the economic impact of Covid-19 such as compulsory rental rebates or subsidies provided to tenants by landlords, the imposition of restrictions on the termination of lease agreements and/or the application of enforcement measures and on taking steps with a view to initiating insolvency and/or enforcement proceedings could adversely affect First REIT's ability to enforce and require its tenants to perform their obligations under their lease agreements. A pandemic creates the risk or potential for volatility in financial markets (including interest rate and foreign exchange rate risks) and may adversely impact the cost, availability, duration or terms of financing and credit available to First REIT. The potential exists for recession within individual countries and the failure of businesses and austerity measures.

The Indonesian economy has also been affected by the global Covid-19 pandemic. The Indonesian government implemented various protective measures, including imposing temporary travel restrictions on inbound travellers, closing of certain schools and workplaces, restrictions on religious activities and activities in public places. There is still significant uncertainty relating to the severity of the near- and long-term adverse impact of the Covid-19 pandemic whether globally or in Indonesia, causing heightened economic uncertainty and volatile financial market performance. It is possible that the current Covid-19 pandemic will cause a prolonged global economic crisis or recession. The Indonesian government cannot predict the duration, ultimate severity or effect of the pandemic or any current or future containment efforts.

The Manager believes that the Covid-19 pandemic has significantly impacted the revenues generated by the operations at the LPKR Hospitals and the MPU Hospitals and led to a drastic decline in patient volumes across Indonesia. It is anticipated that the impact of the Covid-19 pandemic would be significant and structural over the medium term. (See “**Risk Factors – Risks Specific to Hospitals – Indonesian hospitals face unique risks arising from the Covid-19 pandemic**” of this Offer Information Statement.)

First REIT cannot be assured that the risks from Covid-19 including those described above or from any other communicable or infectious disease or public health issue will not have a material adverse effect on First REIT in future. If the current Covid-19 situation deteriorates, or restrictions persist over longer periods (even intermittently), the business, financial condition and results of operations of First REIT may be adversely affected. A second wave outbreak of Covid-19 or the future outbreak of another contagious or infectious disease or any other serious public health concern in the jurisdictions which the Properties are located may adversely affect First REIT’s business, financial condition, results of operations and prospects. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of the jurisdictions in which the Properties are located.

To the extent the Covid-19 pandemic adversely affects First REIT’s business, results of operations and financial condition, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section of this Offer Information Statement.

**First REIT is largely dependent on LPKR for rental payments.**

First REIT is dependent on rental payments from the tenants of its properties, as First REIT does not directly operate the properties in its portfolio. As at the Latest Practicable Date, all of the LPKR Hospitals are leased to either LPKR or LPKR and certain subsidiaries of Siloam. For FY2019, the LPKR Hospitals contributed to approximately 72.1%<sup>1</sup> of First REIT’s rental and other income.

Therefore, First REIT’s revenue and cash flow depend largely upon the ability of LPKR to make rental payments. As such, the business prospects of LPKR (aside from those relating to First REIT), could impact on LPKR’s ability to make rental payments to First REIT.

A downturn in the business of LPKR may weaken its financial condition and result in LPKR’s failure to make timely rental payments or default under the LPKR MLAs. If LPKR fails to make timely rental payments or defaults under the LPKR MLAs, First REIT’s financial condition, revenue and cash flow, and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility, may be materially and adversely affected.

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<sup>1</sup> Siloam Hospitals Manado was acquired on 30 November 2012 as part of an integrated property comprising Siloam Hospitals Manado and Hotel Aryaduta Manado. As the terms of the lease for the Manado Property are contained within one MLA and there is no separate MLA for Siloam Hospitals Manado, the rental income for Siloam Hospitals Manado for FY2019 was derived on the assumption that the rental income for Hotel Aryaduta Manado was S\$3.307 million. Please refer to **Appendix A** of the Circular.

LPKR's business is directly affected by the state of the Indonesian economy. Economic growth in Indonesia is a result of a combination of consumer spending, government spending, export growth as well as the level of investments. Weaknesses in any of these drivers may cause economic growth to weaken, resulting in higher unemployment, currency depreciation, volatility in interest rates, and potential social and political unrest. These factors may adversely affect Indonesian businesses. In particular, the business, financial condition and prospects of LPKR are potentially influenced by these factors, and any weakness in these conditions could affect LPKR's ability, as master lessee, to pay rent to First REIT. This, in turn, may affect First REIT's revenue and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility. There can be no assurance that LPKR will have sufficient assets, income and access to financing in order to enable it to satisfy its obligations under the LPKR MLAs.

In addition, any downgrade in the credit rating of LPKR could have an adverse impact on its ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Such events could have a material adverse effect on the financial condition of LPKR and may result in LPKR's failure to make timely rental payments or default under the LPKR MLAs. This could in turn have a material adverse effect on First REIT's financial condition, results of operations and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility.

**First REIT is dependent on LPKR or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, LPKR and Siloam as the tenants of the LPKR Hospitals as well as MPU as the tenant of the MPU Hospitals for rental payments.**

First REIT is dependent on rental payments from LPKR or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, LPKR and Siloam as the tenants of the LPKR Hospitals as well as from MPU as the tenant of the MPU Hospitals, as First REIT does not directly operate the LPKR Hospitals and the MPU Hospitals. Therefore, First REIT's revenue in respect of the LPKR Hospitals and the MPU Hospitals depends to a large extent upon the ability of LPKR, LPKR and Siloam or MPU, as the case may be, to make rental payments. As such, the business prospects of each of LPKR, Siloam or MPU (aside from those relating to First REIT) could impact on the ability of LPKR, Siloam and/or MPU, as the case may be, to make rental payments to First REIT.

Factors that affect the volume of patients at the LPKR Hospitals and the MPU Hospitals and, thereby, the ability of LPKR, Siloam or MPU, as the case may be, to meet their obligations include, but are not limited to:

- (i) unemployment levels;
- (ii) the business environment of local communities;
- (iii) the number of uninsured and underinsured individuals in local communities;
- (iv) seasonal cycles of illnesses;
- (v) recruitment, retention and attrition of medical professionals such as doctors and nurses;
- (vi) local healthcare competitors and competition in the healthcare industry;
- (vii) unfavourable publicity that impacts relationships between physicians and patients;
- (viii) the level of demand for hospitals and hotels and the related services of First REIT's properties in its portfolio;
- (ix) the performance of the Manager;
- (x) material losses in excess of insurance proceeds; and
- (xi) a possibility of union activities disrupting the operations of the properties in its portfolio, severely impacting on its reputation and ability to function normally.

There can be no assurance that LPKR, Siloam or MPU, as the case may be, will have sufficient assets, income and access to financing in order to enable them to satisfy their obligations under the LPKR MLAs or the MPU MLAs, as the case may be. This may in turn affect the operations and financial condition of First REIT and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility.

**LPKR, Siloam and/or MPU may not renew their respective leases and may request for further restructuring of the LPKR MLAs or the MPU MLAs, as the case may be.**

There is no assurance that LPKR, Siloam and/or MPU will exercise any option to renew their respective leases upon expiry. In such a situation, First REIT may not be able to locate a suitable purchaser for the LPKR Hospitals or the MPU Hospitals, or a suitable replacement master lessee, as a result of which First REIT may lose a significant source of revenue. In addition, replacement of LPKR, Siloam and/or MPU on satisfactory terms may not be possible in a timely manner. The amount of rent and the terms on which lease renewals and new leases are agreed may also be less favourable than the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs.

The failure on the part of LPKR, Siloam and/or MPU to renew their leases upon expiry, or the termination of any of the lease agreements with LPKR, Siloam and/or MPU, may have a material adverse effect on First REIT's gross revenue and its ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility.

In addition, there is no assurance, following the Master Lease Restructuring, that LPKR, Siloam and/or MPU may not in the future request for a further restructuring of the restructured LPKR MLAs or the restructured MPU MLAs, which in the event that such request is not acceded to may result in LPKR, Siloam and/or MPU defaulting under the respective restructured LPKR MLAs or the restructured MPU MLAs, as well as any other adverse consequences following the default by LPKR, Siloam and/or MPU. In such a situation, First REIT will have to negotiate with LPKR, Siloam, MPU and/or any other third party which may have to be ascertained through a leasing exercise to procure an alternative tenant, as the case may be, which could result in agreed terms being less favourable to First REIT, including revised rental formulas leading to possibly lower rental amounts and shorter lease terms. Consequently, this could adversely affect First REIT's revenue and cash flow from LPKR, Siloam and/or MPU pursuant to the further restructuring of the restructured LPKR MLAs or the restructured MPU MLAs, as the case may be, and thus affecting the amount of funds available for distribution to Unitholders.

**The LPKR Hospitals and the MPU Hospitals are specialised medical facilities and have limited uses.**

Hospitals are typically built-to-suit, and additional capital expenditure is likely to be required to renovate hospitals to the requirements of new tenants, if any. As the LPKR Hospitals and the MPU Hospitals may only be used for a specific purpose, if First REIT or LPKR, Siloam and/or MPU terminates the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs (or any of them), First REIT may not be able to find a replacement tenant to lease the LPKR Hospitals and/or the MPU Hospitals (as the case may be) in a timely manner, or on terms acceptable to First REIT or at all.

Finding an alternative hospital operator for the hospital assets would be difficult given the regulatory constraints involved in changing hospital operators in Indonesia. Like most countries, the hospital sector is heavily regulated in Indonesia. The operation of a hospital involves obtaining an operational hospital permit issued by the Indonesian Minister of Health, among other permits and licenses. These permits are difficult and time-consuming to obtain.



The foreign ownership rules in Indonesia also make it difficult for foreign operators to enter the market. Under Indonesian foreign ownership rules, foreign investors are subject to a maximum 67% ownership (70% for investors from Association of Southeast Asian Nations member states) in a local hospital operating entity.

Additionally, according to the Independent Market Research Report as set out in **Appendix F** of this Offer Information Statement, hospitals established through foreign investments should belong to a privately-owned hospital and must have a minimum of 200 beds. Following the Regulation of the Minister of Health of Indonesia No.3/2020 on the classification and licensing of hospitals, all hospitals have to compulsorily go through an accreditation process. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, the Independent Market Research Consultant is of the opinion that changing hospital operators can be time consuming and cumbersome. Further, there is a very limited pool of potential alternative hospital operators. Indonesian hospital operators generally prefer to build and own their hospitals.

In 2019, First REIT explored third party interest in operating three hospital assets in the First REIT hospital portfolio through a tender process where PT Willson Properti Advisindo in association with Knight Frank was engaged to reach out to 43 foreign and local hospital operators. The process culminated in First REIT only receiving one bid from a related party and the terms were worse off as compared to the terms under the LPKR MLA Restructuring. The results of the 2019 tender process are indicative of the practical difficulty in finding alternative lessees and/or operators for the First REIT hospital assets in Indonesia.

In the event that First REIT is not able to find a tenant to lease the LPKR Hospitals or the MPU Hospitals for medical and healthcare purposes, First REIT may need to change the use of the LPKR Hospitals or the MPU Hospitals, as the case may be, in order to be able to lease the LPKR Hospitals or the MPU Hospitals, and to generate income. There is no assurance that First REIT will be able to obtain the requisite approvals to change the zoning of the sites on which the LPKR Hospitals or the MPU Hospitals are located, and even if such approvals are obtained, First REIT may be required to incur significant time and expenditure to alter the LPKR Hospitals or the MPU Hospitals to make them suitable for other uses. If any of the above events were to occur, First REIT's financial condition and results of operations may be materially and adversely affected, and this may affect First REIT's ability to fulfil its primary obligations under the 2018 Secured Loan Facilities and the 2019 Secured Loan Facility.

**The Properties and properties to be acquired by First REIT may require significant capital expenditure periodically beyond the Manager's current estimate and First REIT may not be able to secure funding.**

The Properties and properties to be acquired by First REIT may require periodic capital expenditure beyond the Manager's current estimate for refurbishment, renovation for improvements and development of the Properties in order to remain competitive or be income-producing. First REIT may not be able to fund capital expenditure solely from cash provided from its operating activities and may not be able to obtain additional equity or debt financing on favourable terms or at all. If First REIT is not able to obtain such financing, the marketability of such property may be affected.

**First REIT's assets might be adversely affected if the Manager and/or the property manager appointed to manage a property do not provide adequate management and maintenance.**

Should the Manager and/or the property manager appointed to manage a property fail to provide adequate management and maintenance, the value of First REIT's assets might be adversely affected and this may result in a loss of tenants, which will adversely affect distributions to Unitholders.



**First REIT may suffer material losses in excess of insurance proceeds or First REIT may not put in place or maintain adequate insurance in relation to the Properties and its potential liabilities to third parties.**

The Properties face the risk of suffering physical damage caused by fire, terrorism, acts of God such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operations of the Properties.

In addition, certain types of risks (such as war risk and losses caused by the outbreak of contagious diseases, contamination or other environmental breaches) may be uninsurable or the cost of insurance may be prohibitive when compared to the risk. Currently, First REIT's insurance policies for the Properties may not cover acts of war, outbreak of contagious diseases, contamination or other environmental breaches.

Should an uninsured loss or a loss in excess of insured limits occur, First REIT could be required to pay compensation and/or lose capital invested in the affected property as well as anticipated future revenue from that property as it may not be able to rent out or sell the affected property. First REIT will also be liable for any debt or other financial obligations related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur.

**Renovation or redevelopment works or physical damage to the Properties may disrupt the operations of the Properties and collection of rental income or otherwise result in adverse impact on the financial condition of First REIT.**

The Properties may need to undergo renovation or redevelopment works from time to time to retain their competitiveness and may also require unforeseen ad hoc maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations. The costs of maintaining healthcare assets and the risk of unforeseen maintenance or repair requirements tend to increase over time as the building ages. Although the tenants may be obliged to bear certain maintenance and repair costs to a certain extent, the business and operations of the Properties may suffer some disruption and it may not be possible to collect the full or any rental income on space affected by such renovation or redevelopment works.

In addition, physical damage to the Properties resulting from fire or other causes may lead to a significant disruption to the business and operation of the Properties and, together with the foregoing, may impose unbudgeted costs on First REIT and result in an adverse impact on the financial condition and results of operations of First REIT and its ability to make distributions.

**First REIT could incur significant costs or liability related to environmental matters.**

First REIT's operations are subject to various environmental laws, including those relating to air pollution control, water pollution control, waste disposal, noise pollution control and the storage of dangerous goods. Under these laws, an owner or operator of real property may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. In addition, First REIT may be required to make capital expenditures to comply with these environmental laws. The presence of contamination, air pollution, noise pollution or dangerous goods without a valid licence or the failure to remediate contamination, air pollution, noise pollution or dangerous goods may expose First REIT to liability or materially adversely affect its ability to sell or lease the real property or to borrow using the real property as collateral. Accordingly, if the Properties are affected by contamination or other environmental effects not previously identified and/or rectified, First REIT risks prosecution by environmental authorities and may be required to incur unbudgeted capital expenditure to remedy such issue and the financial position of tenants may be adversely impacted, affecting their ability to trade and to meet their tenancy obligations.

**The due diligence exercise on the Properties, tenancies, buildings and equipment may not have identified all material defects, breaches of laws and regulations and other deficiencies and any losses or liabilities from latent property or equipment defects may adversely affect earnings and cash flows.**

The Manager believes that reasonable due diligence investigations with respect to the Properties have been conducted prior to their acquisitions and that based on the due diligence commissioned by the Manager, no material defects or deficiencies were found. However, notwithstanding the above there is no assurance that the Properties will not have defects or deficiencies requiring repair or maintenance (including design, construction or other latent property or equipment defects in the Properties which may require additional capital expenditure, special repair, maintenance expenses, the payment of damages or other obligations to third parties) or be affected by breaches of laws and regulations.

Statutory or contractual representations, warranties and indemnities given by a seller are unlikely to afford satisfactory protection from costs or liabilities arising from such property or equipment defects.

Costs or liabilities arising from such defects or deficiencies may require significant capital expenditures or obligations to third parties and may involve significant and potentially unpredictable patterns and levels of expenditure which may have a material adverse effect on First REIT's earnings and cash flows.

**The Properties may face increased competition from other properties.**

The Properties are located in areas where other competing properties are present and new properties may be developed which may compete with the Properties.

The income from and the market value of the Properties will be dependent on the ability of the Properties to compete against other properties for tenants. If competing properties are more successful in attracting and retaining tenants, or similar properties in their vicinity are substantially upgraded and refurbished, the income from the Properties could be reduced, thereby adversely affecting First REIT's cash flow and the amount of funds available for distribution to Unitholders.

**The Properties may be revalued downwards.**

There can be no assurance that First REIT will not be required to make downward revaluation of the Properties in the future. Any fall in the gross revenue or net property income earned from the Properties may result in downward revaluation of the Properties held by First REIT. Moreover, the valuations of the LPKR Hospitals are premised on the rental terms as specified in the LPKR MLAs. Accordingly, the valuations of the LPKR Hospitals depend very substantially on the future income streams of the LPKR Hospitals. Any fall in the gross revenue or net property income earned from the LPKR Hospitals may therefore result in the LPKR Hospitals being revalued downwards and consequently, impacting the aggregate valuations of the Properties.

In addition, First REIT is required to measure investment properties at fair value at each balance sheet date and any change in the fair value of the investment properties is recognised in the statements of total return. The changes in fair value may have an adverse effect on First REIT's financial results in the financial years where there is a significant decrease in the valuation of First REIT's investment properties which will result in revaluation losses that will be charged to its statements of total return.

**First REIT may be liable for encroachment on neighbouring properties.**

To the best of the Manager's and the Trustee's knowledge, neither the Manager nor the Trustee are aware of any encroachment by any of the structures or boundary walls of each of the Properties on neighbouring state or private land.

However, in the event that such encroachments exist, First REIT may be required to remove the encroachment or reinstate the relevant land, and the cost of such removal or reinstatement may have an adverse impact on the net income of First REIT.

**RISKS RELATING TO FIRST REIT'S OPERATIONS**

**First REIT's strategy of investing primarily in healthcare assets may entail a higher level of risk compared to other types of unit trusts that have a more diverse range of investments.**

First REIT's principal strategy is primarily focused on 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.

As such, First REIT will be subject to risks inherent in concentrating on investments in a single industry. The level of risk could be higher compared to other types of unit trusts that have a more diverse range of investments.

A concentration of investments in a portfolio of such specific real estate assets in Indonesia and elsewhere regionally exposes First REIT to both a downturn in the real estate market as well as the healthcare industry in Indonesia and those in the relevant regions elsewhere. Such downturns may lead to a decline in occupancy for hospitals including those in First REIT's portfolio thereby affecting First REIT's rental income from the tenants of the properties in First REIT's portfolio, and/or a decline in the capital value of First REIT's portfolio, which will have an adverse impact on distributions to Unitholders and/or on the results of operations and the financial condition of First REIT.

**The Manager may not be able to successfully implement its investment strategy for First REIT.**

There is no assurance that the Manager will be able to implement its investment strategy successfully or that it will be able to expand First REIT's portfolio at any specified rate or to any specified size. The Manager may not be able to make acquisitions or investments on favourable terms or within a desired time frame.

First REIT faces active competition in acquiring suitable properties. First REIT's ability to make new property acquisitions under its acquisition growth strategy may be adversely affected.

Even if First REIT were able to successfully acquire property or investments, there is no assurance that First REIT will achieve its intended return on such acquisitions or investments.

Since the amount of borrowings that First REIT can incur to finance acquisitions is limited by the Property Funds Appendix, such acquisitions are likely to be largely dependent on First REIT's ability to raise equity capital. This may result in a dilution of Unitholders' holdings.

Potential vendors may view negatively the prolonged time frame and lack of certainty associated with the raising of equity capital to fund any such purchase. They may instead prefer other potential purchasers.

There may be significant competition for attractive investment opportunities from other property investors, including other real estate investment trusts (“REITs”), office property development companies and private investment funds.

**Any breach by the major tenants of their obligations under the lease agreements or a downturn in their businesses may have an adverse effect on First REIT.**

In the event that any major tenants of First REIT are unable to pay their rent or breach their obligations under the lease agreements, the level of distributable income may be adversely affected. The performance of the major tenants’ other businesses could also have an impact on their ability to make rental payments to First REIT.

Factors that affect the ability of such major tenants to meet their obligations include, but are not limited to:

- their financial position;
- the local economies in which they have business operations;
- the ability of such major tenants to compete with their competitors;
- in the instance where such major tenants have sub-leased the Properties, the failure of the sub-tenants to pay rent; and
- material losses in excess of insurance proceeds.

**The amount First REIT may borrow is limited, which may affect the operations of First REIT.**

Under the Property Funds Appendix, First REIT is permitted to borrow up to 50.0%<sup>1</sup> of the value of the Deposited Property (as defined below). As at 31 December 2020, First REIT has a leverage ratio of 49.0% before the Master Lease Restructuring and the Rights Issue.

First REIT may, from time to time, require further debt financing to achieve its investment strategies. In the event that First REIT decides to incur additional borrowings in the future, First REIT may face adverse business consequences as a result of this limitation on future borrowings, and these may include:

- an inability to fund capital expenditure requirements in relation to First REIT’s existing asset portfolio or in relation to First REIT’s acquisitions to expand its portfolio;
- a decline in the value of the Deposited Property may cause the borrowing limit to be exceeded, thus affecting First REIT’s ability to make further borrowings; and
- cash flow shortages (including with respect to distributions) which First REIT might otherwise be able to resolve by borrowing funds.

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1 The MAS had on 16 April 2020 announced (i) that the aggregate leverage limit for Singapore REITs would be raised from 45.0% to 50.0%, and (ii) the deferral to 1 January 2022, of the requirement for Singapore REITs to have a minimum adjusted interest coverage ratio of 2.5 times after taking into account the interest payment obligations arising from the new borrowings, before the aggregate leverage of Singapore REITs can exceed 45.0% of the value of the Deposited Property (up to 50.0%).

**First REIT may face risks associated with debt financing.**

First REIT is subject to risks associated with debt financing, including the risk that its cash flows will be insufficient to meet required payments of principal and interest under such financing, and to make distributions to Unitholders.

First REIT may be required to repay maturing debt with funds from additional debt or equity financing or both. There is no assurance that such financing will be available on acceptable terms or at all. If principal amounts due for repayment at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, First REIT will not be able to pay distributions at expected levels to Unitholders or to repay all maturing debt.

First REIT will also be subject to the risk that it may not be able to refinance its existing and/or future borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. In addition, First REIT may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect its operations and First REIT's ability to make distributions to Unitholders. Such covenants may also restrict First REIT's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make real estate loans) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase.

**If the Manager's CMS Licence (as defined below) is cancelled or the authorisation of First REIT as a collective investment scheme under Section 286 of the SFA is suspended, revoked or withdrawn, the operations of First REIT will be adversely affected.**

The CMS Licence issued to the Manager is subject to conditions unless otherwise cancelled. If the CMS Licence of the Manager is cancelled by the MAS, the operations of First REIT will be adversely affected, as the Manager would no longer be able to act as the manager of First REIT.

First REIT was authorised as a collective investment scheme on 23 October 2006 and must comply with the requirements under the SFA and the Property Funds Appendix. In the event that the authorisation of First REIT is suspended, revoked or withdrawn, its operations will also be adversely affected.

**Acquisitions may not yield the returns expected, resulting in disruptions to First REIT's business and straining of management resources.**

First REIT's external growth strategy and its asset selection process may not be successful and may not provide positive returns to Unitholders.

Acquisitions may cause disruptions to First REIT's operations and divert the management's attention away from day-to-day operations.

**The Manager's strategy to initiate asset enhancement on some of the Properties from time to time may not materialise.**

The Manager may from time to time initiate asset enhancement on some of the Properties. There is no assurance that such plans for asset enhancement will materialise, or in the event that they do materialise, they may not achieve their desired results or may incur significant costs.

**First REIT depends on certain key personnel and the loss of any key personnel may adversely affect its operations.**

First REIT's performance depends, in part, upon the continued service and performance of the executive officers of the Manager. These key personnel may leave the employment of the Manager. If any of the above were to occur, the Manager will need to spend time searching for a replacement and the duties for which such executive officers are responsible may be affected. The loss of any of these individuals could have a material adverse effect on the financial condition and the results of operations of First REIT.

**First REIT may from time to time be subject to legal proceedings and government proceedings.**

Legal proceedings against First REIT and/or its subsidiaries relating to property management and disputes over tenancies may arise from time to time. There can be no assurance that First REIT and/or its subsidiaries will not be involved in such proceedings or that the outcome of these proceedings will not adversely affect the financial condition, results of operation or cash flow of First REIT.

First REIT is regulated by various government authorities and regulations. If any government authority believes that First REIT or any of its tenants are not in compliance with the regulations, it could shut down the relevant non-compliant entity or delay the approval process, refuse to grant or renew the relevant approvals or licences, institute legal proceedings to seize First REIT's properties, enjoin future action or (in the case of First REIT's subsidiaries not being in compliance with the regulations) assess civil and/or criminal penalties against First REIT, its officers or employees. Any such action by the government authority would have a material adverse effect on the business, financial condition and results of operations or cash flow of First REIT.

**First REIT may engage in interest rate hedging transactions, which can limit gains and increase costs.**

First REIT may enter into interest rate hedging transactions to protect itself from the effects of interest rate on floating rate debt. Interest rate hedging activities may not have the desired beneficial impact on the operations or financial condition of First REIT.

Interest rate hedging could fail to protect First REIT or adversely affect First REIT because, among others:

- available interest rate hedging may not correspond directly with the interest rate risk for which protection is sought;
- the party owing money in the hedging transaction may default on its obligation to pay;
- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs First REIT's ability to sell or assign its side of the hedging transaction; and
- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Such changes although unrealised would reduce the NAV of First REIT if it is due to downward adjustments.

Interest rate hedging involves risks and transaction costs, which may reduce overall returns.

These costs increase as the period covered by the hedging increases and during periods of rising and volatile interest rates. These costs will also limit the amount of cash available for distributions to Unitholders.

**Occurrence of any acts of God, natural disasters, severe environmental pollution, war and terrorist attacks may adversely and materially affect the business and operations of the Properties.**

Acts of God, such as natural disasters, and severe environmental pollution (including severe smog), are beyond the control of First REIT or the Manager. These may materially and adversely affect the economy, infrastructure and livelihood of the local population. First REIT's business and income available for distribution may be adversely affected should such acts of God occur. There is no assurance that any war, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have an adverse effect on the operations of the Properties and hence First REIT's income available for distribution.

In addition, physical damage to the Properties resulting from fire, earthquakes or other acts of God may lead to a significant disruption to the business and operation of the Properties. This may then result in an adverse impact on the business, financial condition and results of operations of First REIT and its capital growth.

**First REIT may not be able to control or exercise any influence over entities in which it has minority interests.**

First REIT may, in the course of acquisitions, acquire minority interests in real estate-related investment entities. There is no assurance that First REIT will be able to exercise active control over such entities and the management of such entities may make decisions which could adversely affect the operations of First REIT and its ability to make distributions to Unitholders.

**The Manager may change First REIT's investment strategy.**

First REIT's policies with respect to certain activities, including investments and acquisitions, will be determined by the Manager, subject to applicable laws and regulations. The Manager has stated its intention to restrict investments to income-producing real estate and/or real estate-related assets in Asia that are primarily used, for healthcare and/or healthcare-related purposes. The Trust Deed (as defined below) grants the Manager wide powers to invest in other types of assets, including any real estate, real estate-related assets as well as listed and unlisted securities in Singapore and other jurisdictions.

**The Indonesian Properties and/or future acquisitions, or a part of them, may be acquired compulsorily.**

In Indonesia, pursuant to Law No. 20 of 1961 on Revocation of Rights of Land and the Properties Thereon and Law No. 2 of 2012 on Land Procurement for the Development of Public Interests (as amended), the Indonesian government has the right to acquire land and any property thereon owned by any party by providing compensation to the previous owner of such land, in order to fulfil any public needs. Therefore, there is no assurance that the Indonesian government will not compulsorily acquire land on which the Properties are located. Compensation to be awarded pursuant to any such compulsory acquisition would be determined based on the appraisal of the property commissioned by the Indonesian government. If the market value of a property or part thereof that is compulsorily acquired is greater than the compensation paid in respect of the acquired property this could have an adverse effect on First REIT's assets.



## RISKS SPECIFIC TO HOSPITALS

### Hospitals are subject to unique risks.

An investment in Units should be made with an understanding of the problems and risks inherent in the healthcare industry in general. Generally, hospitals are subject to governmental regulation of their medical and surgical services, a factor which could have a significant and possibly unfavourable effect on the price and availability of such services. Furthermore, hospitals face the risk of increasing competition from new products or services and the risk that technological advances will render their medical and surgical services obsolete. The rising cost of healthcare technology may adversely impact the revenue of the hospitals in the First REIT's portfolio (the "**Hospitals**"). Hospitals may also have persistent losses when adopting a new medical or surgical service, and revenue patterns may be erratic as a result. In addition, hospitals may be affected by events and conditions including, among other things, demand for services, physicians' confidence in the facility, management capabilities, competition with other hospitals, efforts by insurers to limit charges, expenses, government regulation, and the cost and possible unavailability of malpractice insurance.

If the gross revenues of the Hospitals are adversely affected because of these risks, there will consequently be an impact on the ability of the tenants of the Hospitals to make rental payments to First REIT.

### Indonesian hospitals face unique risks arising from the Covid-19 pandemic.

The Covid-19 pandemic has affected the operations of a number of hospitals in Indonesia, with disruptions to hospital cash flows. The main reason for a significant reduction in outpatient volumes is due to the phenomenon that many individuals remain apprehensive about visiting hospitals due to the Covid-19 pandemic<sup>1</sup>.

Hospital operations have faced a significant downturn due to a combination of factors, with one of the key reasons being the large influx of Covid-19 affected patients and the limited availability of facilities to treat these patients. Non-Covid-19 hospitals are also witnessing a significant decrease in outpatients due to the large-scale social restrictions (also known as Pembatasan Sosial Berskala Besar) imposed by the Government of Indonesia as the outpatients delay consultations and prefer to either administer home remedies or take the telemedicine route.

In order to combat the crisis, many hospitals are initiating home-care and telemedicine (tele-consultation) for their non-Covid-19 patients. These hospitals have their on-leave medical personnel give treatment or consultation to non-Covid-19 patients as one of their outreach measures.

Delays in surgeries also have a strong impact on patient health outcomes, hospital finances and resources, as well as training and research programmes. Many hospitals in Indonesia are at the frontline of the pandemic and have shifted most of their resources to handle Covid-19 cases. In Indonesia, Covid-19 cases have spiked over August to September 2020. Industry sources indicate that delays in the diagnostic evaluation of patients are also likely to contribute to the backlog of elective surgeries<sup>2</sup>. Many diagnostic procedures, including colonoscopies, mammograms, and biopsies, are on hold during the pandemic. There are many patients who are being treated in hospitals with other diseases, such as heart disease or cancer and have a high risk of contracting the coronavirus and experience fatal complications when exposed to Covid-19. In addition, it

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1 Source: Independent Market Research Report by the Independent Market Research Consultant (See **Appendix F** of this Offer Information Statement).

2 Source: Independent Market Research Report by the Independent Market Research Consultant (See **Appendix F** of this Offer Information Statement).

should also be considered that patients who undergo a recovery period after surgery are at high risk of being infected with the coronavirus while they are being treated in hospital and can experience dangerous complications from this viral infection. The two key reasons for delaying surgeries are to limit the spread of the coronavirus in hospitals and to focus medical personnel, health facilities and medical equipment including beds and intensive care units, breathing aids and personal protective equipment, on handling the number of coronavirus infections. Such delays in elective surgeries are causing significant backlogs in hospitals, which has an impact on the yearly revenues of the hospitals<sup>1</sup>.

**Operations of the Hospitals are dependent upon those Hospitals' ability to attract and retain doctors and other healthcare professionals.**

Operations at the Hospitals depend on the efforts, abilities and experience of the doctors and medical staff at the Hospitals. The Hospitals compete with other healthcare providers, including the providers located in the region, in recruiting and retaining qualified doctors and other healthcare professionals.

While Indonesian law does not permit hospitals to employ foreign doctors without prior approval from the Minister of Health, Indonesian doctors and nursing staff are regularly recruited by competitors outside Indonesia. The loss of some of these medical personnel, or the inability to attract or retain sufficient numbers of qualified doctors and other healthcare professionals, could have a material and adverse effect on the healthcare business, financial position and results of the operations, and consequently on the ability of the tenants of the Hospitals to make rental payments to First REIT.

**The Hospitals may be subject to potential malpractice, negligence and other legal lawsuits.**

The Hospitals run the risk of medical and legal claims and/or regulatory actions arising from the provision of healthcare services. The existence of such claims alone may tarnish the reputation of the Hospitals and/or their doctors. If such claims succeed, the Hospitals may be liable for fines or even closure. In addition, there may be difficulty obtaining and maintaining adequate liability and other insurance. These consequences may adversely affect the financial conditions and operating results of the tenants of the Hospitals, which could consequently impede their ability to make rental payments to First REIT.

**Changes in or non-adherence to government healthcare regulations could impact First REIT indirectly.**

Healthcare is an area that is subject to extensive government regulation and dynamic regulatory changes. The Hospitals are continuously subject to laws and regulations, including, but not limited to, licensing, facility inspections, reimbursement policies and control over certain expenditures. There may be periodic inspections by governmental and other authorities to ensure continued compliance with such laws and regulations. Failure to maintain required regulatory approvals or licences could materially and adversely affect the business and financial condition of the tenants of the Hospitals. Such compliance will increase operating expenses, which can diminish the ability of the tenants of the Hospitals to make rental payments to First REIT.

In addition, there can be no assurance that there will not be changes in such laws and regulations, or new interpretations of such laws and regulations which may adversely affect the operations of the Hospitals, consequently having a negative impact on the ability of the tenants of the Hospitals to make rental payments to First REIT.

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<sup>1</sup> Source: Independent Market Research Report by the Independent Market Research Consultant (See **Appendix F** of this Offer Information Statement).

## **RISKS RELATING TO INVESTING IN REAL ESTATE**

**There are general risks attached to investments in real estate.**

Investments in real estate and therefore the income generated from the Properties are subject to various risks, including but not limited to:

- adverse changes in political or economic conditions;
- adverse local market conditions (such as over-supply of properties or reduction in demand for properties in the market in which First REIT operates);
- the financial condition of tenants;
- the availability of financing such as changes in availability of debt or equity financing, which may result in an inability by First REIT to finance future acquisitions on favourable terms or at all;
- changes in interest rates and other operating expenses;
- changes in environmental laws and regulations, zoning laws and other governmental laws, regulations and rules and fiscal policies (including tax laws and regulations);
- environmental claims in respect of real estate;
- changes in market rents;
- changes in energy prices;
- changes in the relative popularity of property types and locations leading to an oversupply of space or a reduction in tenant demand for a particular type of property in a given market;
- competition among property owners for tenants which may lead to vacancies or an inability to rent space on favourable terms;
- inability to renew leases or re-let space as existing leases expire;
- inability to collect rents from tenants on a timely basis or at all due to bankruptcy or insolvency of the tenants or otherwise;
- insufficiency of insurance coverage or increases in insurance premiums;
- changes in the rate of inflation and consumer price indices;
- inability of the property managers to provide or procure the provision of adequate maintenance and other services;
- defects affecting the Properties which need to be rectified, or other required repair and maintenance of the Properties, leading to unforeseen capital expenditure;
- the relative illiquidity of real estate investments;
- considerable dependence on cash flow for the maintenance of, and improvements to, the Properties;

- increased operating costs, including real estate taxes;
- any defects or illegal structures that were not uncovered by physical inspection or due diligence review;
- management style and strategy of the Manager;
- the attractiveness of First REIT's properties to tenants;
- the cost of regulatory compliance;
- ability to rent out properties on favourable terms; and
- power supply failure, acts of God, wars, terrorist attacks, uninsurable losses and other factors.

Many of these factors may cause fluctuations in occupancy rates, rental or room rates or operating expenses, causing a negative effect on the value of real estate and income derived from real estate. The annual valuation of the Properties will reflect such factors and as a result may fluctuate upwards or downwards. The capital value of First REIT's real estate assets may be significantly diminished in the event of a sudden downturn in real estate market prices or the economy in Indonesia, which may adversely affect the financial condition of First REIT.

**First REIT may be adversely affected by the illiquidity of real estate investments.**

First REIT's investment strategy involves a higher level of risk, as compared to a portfolio which has a more diverse range of investments. Real estate investments are relatively illiquid and such illiquidity may affect First REIT's ability to vary its investment portfolio or liquidate part of its assets in response to changes in economic, property market or other conditions. First REIT may be unable to sell its assets on short notice or may be forced to give a substantial reduction in the price that may otherwise be sought for such assets in order to ensure a quick sale. First REIT may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquid nature of real estate assets. These factors could have an adverse effect on First REIT's financial condition and results of operations, with a consequential adverse effect on First REIT's ability to deliver expected distributions to Unitholders.

**First REIT's ability to make distributions to Unitholders may be adversely affected by increases in direct expenses and other operating expenses.**

First REIT's ability to make distributions to Unitholders could be adversely affected if direct expenses and other operating expenses increase (save for such expenses for which First REIT is not responsible pursuant to the lease agreements) without a corresponding increase in revenue.

Factors which could lead to an increase in expenses include, but are not limited to, the following:

- increase in income and/or property tax assessments and other statutory charges;
- change in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- change in direct or indirect tax policies, laws or regulations;
- increase in sub-contracted service costs;

- increase in labour costs;
- increase in repair and maintenance costs;
- increase in the rate of inflation;
- defects affecting, or environmental pollution in connection with, First REIT's properties which need to be rectified;
- increase in insurance premium; and
- increase in cost of utilities.

**The rate of increase in rentals (if any) of the Properties may be less than the inflation rate.**

The rate of increase in rentals (if any) of the Properties may be less than the inflation rate and therefore an investment in First REIT may not provide an effective hedge against inflation.

## **RISKS RELATING TO INDONESIA**

**Political and social instability may adversely affect the operations of the Properties which are located in Indonesia.**

Most of the Properties are located in Indonesia (collectively, the “**Indonesian Properties**”). The Manager's asset acquisition strategy also contemplates future acquisitions of properties located in, amongst other countries, Indonesia.

Political and social developments in Indonesia have been unpredictable in the past and, as a result, confidence in the Indonesian economy and capital markets has remained low. There is no assurance that Indonesia's political landscape will not change and give rise to political instability, social and civil unrest, and disruption of businesses and the economy. These could have adverse effects on the operations of the Indonesian Properties, consequently impacting on the ability of the tenants of the Indonesian Properties to make rental payments to First REIT.

**First REIT is dependent on the quality of the titles to the Indonesian Properties.**

Due to the immature nature of Indonesian property law and the lack of a uniform title system in Indonesia, there is potential for disputes over the quality of title purchased from previous landowners. In addition, there is a need to negotiate with the actual owner of the land each time land is acquired under the land title, which may result in purchases of property (and thereby the obtaining of title to the relevant land) being delayed or not proceeding in the event that negotiations are unsuccessful. Such delays in acquiring properties required for development activities could have an adverse effect on First REIT's business, financial condition and results of operations.

**Terrorist attacks in Indonesia could destabilise the country.**

Terrorist acts could destabilise Indonesia and increase internal divisions within the Indonesian Government as it evaluates responses to that instability and unrest. Violent acts arising from, and leading to, instability and unrest have in the past had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on the business, financial condition, results of operations and prospects of the tenants of the Indonesian Properties. This could adversely impact the ability of the tenants of the Indonesian Properties to make rental payments to First REIT.

**Economic changes in Indonesia may adversely affect the business of the tenants of the Indonesian Properties.**

Most recently, the Covid-19 pandemic has impacted the global economy, including Indonesia. This has led to an increase in unemployment and a reduction in economic growth in Indonesia.

A loss of investor confidence in the financial system of emerging and other markets, may cause increased volatility in the Indonesian financial markets, and a slowdown or negative growth could have material adverse effects on the business, financial condition, results of operations and prospects of the tenants of the Indonesian Properties.

Demand for healthcare services are largely dependent on the financial strength of patients and their willingness to pay for private healthcare services. A slowdown in the economy or a high unemployment rate may see more people opting for standardised low-cost public healthcare services available at government hospitals. This may thereby materially and adversely affect the ability of the tenants of the Indonesian Properties to make rental payments, and therefore, on First REIT's business, financial condition, results of operations and prospects. In addition, the general lack of available credit and lack of confidence in the financial markets associated with any market downturn could adversely affect First REIT's and its tenants' access to capital, which in turn could adversely affect First REIT's ability to fund working capital requirements and capital expenditures.

**Enforcing legal rights in Indonesia is a timely, costly and complicated process and First REIT may not be able to enforce its legal rights under the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs in the future should LPKR, Siloam and/or MPU default under their respective MLAs.**

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws are historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading to uncertainty in the interpretation and application of legal principles in Indonesia. The application of legal principles in Indonesia depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. For instance, Indonesian laws and regulations may impose certain obligations, such as the registration of deeds with the Company Registry Office, the failure to register may attract fines, imprisonment and other penalties. However, in practice, certain of these laws and regulations may not be actively enforced, if at all, and this may result in a widespread practice of companies, including companies that First REIT acquires, of not adhering to the strict requirements of the applicable law and regulation. Furthermore, corruption in the court in Indonesia has been widely reported in publicly available sources. In addition, Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply in other countries. As a result, it may be more difficult for First REIT to pursue a claim against the tenants of the Indonesian Properties in Indonesia than it would be in other jurisdictions. This may adversely affect or eliminate entirely First REIT's ability (and indirectly, the ability of its Unitholders) to obtain and/or enforce a judgement against the tenants of the Indonesian Properties in Indonesia.



In November 2020, Law 11 of 2020 on Job Creation (“**Omnibus Law**”) was enacted by the Indonesian Government. This regulation amends several laws (*undang-undang*) across multiple sectors. However, the implementing regulations to these laws will only be available within three months after the enactment of the Omnibus Law.

As explained in the preceding paragraphs, the Indonesian legal system is subject to considerable discretion and uncertainty. If LPKR, Siloam and/or MPU (or any of them) terminates the existing LPKR MLAs, the restructured LPKR MLAs, the existing MPU MLAs and/or the restructured MPU MLAs, First REIT may be involved in the lengthy and expensive process of enforcing its legal rights in Indonesia. In addition, First REIT may take time and face difficulties in realising the value of LPKR’s shares in its Indonesian subsidiaries.

In addition to the expenditure of time and the challenges which First REIT may face as highlighted above, First REIT may also incur considerable costs, including professional and other fees and expenses, in the process of enforcing its legal rights in Indonesia.

**Indonesia is located in an earthquake zone and is subject to significant geological risk.**

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tidal waves. In recent years, a number of natural disasters have occurred in Indonesia, including major earthquakes, which resulted in tsunamis and volcanic activity. For example, on 26 December 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka. On 25 October 2010, Mount Merapi erupted on the Indonesian Island of Java and on the same day, an underwater earthquake off the coast of Sumatra released a tsunami that struck the Mentawai Islands.

In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rain and flooding. All of the above resulted in loss of life, the displacement of large numbers of people and wide destruction of property.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Indonesian government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Indonesian government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to impose a strain on the Indonesian government’s finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Indonesian government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including First REIT’s, thereby materially and adversely affecting First REIT’s business, financial condition, results of operations and prospects.

There can be no assurance that future geological occurrences will not significantly impact the operations of the Indonesian Properties. A significant earthquake or other geological disturbance in any of Indonesia’s more populated cities and financial centres could severely disrupt the Indonesian economy and the operations of the Indonesian Properties, thereby materially and adversely affecting the ability of the tenants of the Indonesian Properties to make rental payments to First REIT.



### **Labour activism and unrest may materially and adversely affect the Indonesian Properties.**

Laws permitting the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labour unrest and activism in Indonesia. In March 2003, the Government enacted Law No. 13/2003 (the “**Labour Law**”) and has further issued implementing regulations which, among others, allow employees to form labour unions. In November 2020, this regulation was subsequently amended due to the enactment of the Omnibus Law which has led to immense criticism, labour unrest and activism in Indonesia due to its perceived prejudice against workers’ rights.

The Labour Law requires bipartite forums with participation from employers and employees that are usually represented by the worker union consisting of participation of more than 50.0% of the employees of a company, in order for a collective labour agreement to be negotiated and, in addition, the Labour Law creates procedures that are more permissive to the staging of strikes.

Labour unrest and activism in Indonesia could disrupt operations of the Indonesian Properties, and thus could materially and adversely affect the ability of the tenants of the Indonesian Properties to make rental payments to First REIT.

### **RISKS ASSOCIATED WITH THE RIGHTS ISSUE**

#### **An active trading market may not develop for the Rights Entitlements and, if a market does develop, the Rights Entitlements may be subject to greater price volatility than the Unit.**

A trading period for the Rights Entitlements has been fixed for 1 February 2021 to 9 February 2021. There is no assurance that an active trading market for the Rights Entitlements on the SGX-ST will develop during the Rights Entitlements trading period or that any over-the-counter trading market in the Rights Entitlements will develop. Even if active markets develop, the trading price of the Rights Entitlements, which depends on the trading price of the Units, may be volatile. As the Manager may arrange for the sales of the Rights Entitlements of the Ineligible Unitholders, the sales may give pressure to the trading price of the Rights Entitlements. In addition, the market price of the Rights Entitlements may not reflect their actual value.

#### **Unitholders who do not or are not able to accept their provisional allotments of Rights Units, including Ineligible Unitholders, will experience a dilution in their interest in First REIT.**

If Unitholders do not or are not able to accept their provisional allotments of Rights Units, their proportionate interest in First REIT will be reduced. They may also experience a dilution in the value of their Units. Even if a Unitholder sells his Rights Entitlements, or such Rights Entitlements are sold on his behalf, the consideration he receives may not be sufficient to compensate him fully for the dilution of his interest in First REIT as a result of the Rights Issue.

In particular, Ineligible Unitholders will not be permitted to participate in the Rights Issue. The Manager may, at its absolute discretion and if it is practicable to do so, arrange for the Rights Entitlements which would otherwise have been provisionally allotted to such Ineligible Unitholders to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the Rights Entitlements commence. Such sales may, however, only be effected if the Manager, in its absolute discretion, determines that the proceeds from such sales can at least cover the expenses to be incurred in relation thereto. There is no guarantee that such sale will be successful, and even if successful, the proceeds of any such sale may not be sufficient to compensate an Ineligible Unitholder fully for the dilution of his unitholding as a result of the Rights Issue.

**The Issue Price is not an indication of the underlying value of the Units.**

The Issue Price was determined based on the last traded price of the Units on the SGX-ST on 24 December 2020, being the last trading day of the Units on the SGX-ST prior to the release of the announcement of the Rights Issue on 28 December 2020. The Issue Price was set at a discount to the Closing Price and to the TERP at that time. The Issue Price does not bear a direct relationship to the book value of First REIT's assets, past operations, cash flow, earnings, financial condition or any other established criteria for value, and Unitholders should not consider the Issue Price to be any indication of the Units' underlying value. The Units may trade at prices lower than the Issue Price in the future.

**The Rights Issue may cause the price of the Units to decrease, and this decrease may continue.**

The Issue Price represents a discount of approximately 50.6% to the Closing Price of S\$0.405 per Unit and approximately 33.3% to the TERP of S\$0.30 per Unit. This discount, along with the number of Rights Units, may result in a decrease in the trading price of the Units and this decrease may continue after the completion of the Rights Issue.

The market price for the Units on the SGX-ST (including the Rights Entitlements and the Rights Units) could also be subject to significant fluctuations due to the market's perception of the likelihood of completion of the Rights Issue and/or be in response to various factors some of which are beyond First REIT's control. Any of these events could result in a decline in the market price of the Units (including the Rights Entitlements and the Rights Units) during and after the Rights Issue.

There is no assurance that the market price of the Rights Units, upon or subsequent to the listing thereof and quotation therefor on the SGX-ST, will remain at or above the Issue Price, or that the Rights Units can be disposed of at or above the Issue Price.

**Unitholders need to act promptly and follow subscription instructions, otherwise their exercise of Rights Entitlements may be rejected and their Rights Entitlements may expire without value and without any compensation.**

Unitholders who desire to accept their Rights Entitlements or apply for Excess Rights Units in the Rights Issue must act promptly to ensure that all required forms, letters and payments are actually received by the relevant agents prior to the respective expiration dates and times as set forth under **Appendix B** and **Appendix C** of this Offer Information Statement. Failure to complete and sign the required acceptance forms or letters, the sending of an incorrect payment amount, or otherwise failure to follow the procedures that apply to a Unitholder's desired transaction may lead to rejection of the Unitholder's acceptance of the Rights Entitlements and any Rights Entitlements not accepted will expire without value and without any compensation.

None of the Manager, the Unit Registrar, CDP or the Sole Lead Manager undertakes to contact the Unitholder concerning, or attempt to correct, an incomplete or incorrect acceptance form, letter or payment. The Manager has sole discretion to determine whether an acceptance of Rights Entitlements and acceptance of or subscription for Rights Units properly follows the appropriate procedures. Unitholders who hold Units through a securities sub-account, brokerage account or other similar custodial account with a depository agent, broker, custodian or nominee other than CDP are urged to consult their depository agent, broker, custodian or nominee without delay regarding the procedures that they need to follow for the subscription and payment for the Rights Units.

## **RISKS RELATING TO AN INVESTMENT IN THE UNITS**

### **The form of payment of the Management Fee will have an impact on the DPU.**

The amount of distribution available to Unitholders is affected by the form of payment of the Management Fee. If the Manager elects to receive the payment of the Management Fee in the form of cash, the amount of distribution available for distribution to Unitholders will be affected. Similarly, if the Manager elects to receive the payment of the Management Fee in the form of Units, the distribution will be over a larger number of Units.

### **Sale or possible sale of a substantial number of Units by the sponsors of First REIT, being LPKR and OUELH, the Manager, OUE, and/or of their affiliates and/or any Substantial Unitholders in the public market could adversely affect the price of the Units.**

On 24 December 2020, (i) FRML had provided the FRML Undertaking to, among others, accept, subscribe and pay in full for, the FRML Allotted Rights Units; (ii) OUELH had provided the OUELH Undertaking to, among others, procure OHIPL to accept, subscribe and pay in full for, the OHI Allotted Rights Units; and (iii) OUE had provided the OUE Undertaking to, among others, in the event that the Rights Issue is not underwritten, procure that CDPL applies, subscribes and pays in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units. The provision of the Irrevocable Undertakings will result in the subscription of all unsubscribed Rights Units remaining after the fulfilment of valid Excess Rights Units applications by other Unitholders for the same under the terms of the Rights Issue.

Assuming: that (a) FRML and OHIPL will accept, subscribe and pay in full for, their respective *pro rata* Allotted Rights Units pursuant to the FRML Undertaking and OUELH Undertaking respectively; (b) no other Eligible Unitholder will accept any of their provisional allotments of the Rights Units; and (c) CDPL will apply, subscribe and pay in full, any Excess Rights Units to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units pursuant to the OUE Undertaking, the total number of the Allotted Rights Units allotted to FRML and OHIPL and the Excess Rights Units allotted to CDPL would be equivalent to 100% of the total number of the Rights Units, being 791,062,223 Units, resulting in FRML, OHIPL and OUE collectively holding 950,229,439 Units, or 59.5% of the total issued Units.

If the sponsors of First REIT, being LPKR and OUELH, the Manager, OUE, and/or of their affiliates and/or any Substantial Unitholders sells or is perceived as intending to sell a substantial amount of its Units, or if a secondary offering of the Units is undertaken in connection with an additional listing on another securities exchange, the market price for the Units could be adversely affected.

### **Market and economic conditions may affect the market price and demand for the Units.**

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price of, and demand for, the Units.

An increase in market interest rates may have an adverse impact on the market price of the Units if the annual yield on the price paid for the Units gives investors a lower return as compared to other investments.

### **The NAV per Unit may be diluted if further issues are priced below the then current NAV per Unit.**

The Trust Deed contemplates new issues of Units, the offering price for which may be above, at or below the then current NAV per Unit. The DPU may be diluted if new Units are issued and the use of proceeds from such issue of Units generates insufficient cash flow to cover the dilution. Where new Units, including Units which may be issued to the Manager in payment of the Manager's management, acquisition and/or divestment fees, are issued at less than the then current NAV per Unit, the then current NAV of each existing Unit may be diluted.

**The laws and regulations in Singapore, Indonesia and/or South Korea and the International Financial Reporting Standards may change.**

First REIT is a REIT constituted in Singapore and the Properties are located in Singapore, Indonesia and/or South Korea. The laws, regulations (including tax laws and regulations in Singapore, Indonesia and/or South Korea) and the International Financial Reporting Standards are subject to change. New laws and regulations may also be introduced in these jurisdictions. As a result, the financial statements of First REIT may be affected by these changes. The extent and timing of these changes in accounting standards are currently unknown and subject to confirmation by the relevant authorities. The Manager has not quantified the effects of these proposed changes and there can be no assurance that these changes will not have a significant impact on the presentation of First REIT's financial statements or on First REIT's results of operations. In addition, such changes may adversely affect the ability of First REIT to make distributions to Unitholders. There can be no assurance that any such changes to laws, regulations and accounting standards will not materially and adversely affect the business, financial condition and results of operations of First REIT.

**First REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs.**

First REIT may be affected by the introduction of new or revised legislation, regulations, guidelines or directives affecting REITs. There is no assurance that new or revised legislation, regulations, guidelines or directives will not adversely affect REITs in general or First REIT specifically.

**Foreign Unitholders may not be permitted to participate in future rights issues or entitlements offerings by First REIT.**

The Trust Deed provides that the Manager may, in its absolute discretion, elect not to extend an offer of Units under a rights issue to those Unitholders whose addresses, as registered with CDP, are outside Singapore. The rights or entitlements to the Units to which such Unitholders would have been entitled will be offered for sale and sold in such manner, at such price and on such other terms and conditions as the Manager may determine, subject to such other terms and conditions as the Trustee may impose. The proceeds of any such sale will be paid to Unitholders whose rights or entitlements have been so sold, provided that where such proceeds payable to the relevant Unitholders are less than S\$10.00, the Manager is entitled to retain such proceeds as part of the Deposited Property. The holding of the relevant holder of the Units may be diluted as a result of such sale.

**Property yield on real estate to be held by First REIT is not equivalent to distribution yield on the Units.**

Generally, property yield depends on net property income and is calculated as the amount of revenue generated by the Properties, less the expenses incurred in maintaining, operating, managing and leasing the Properties compared against the current value of the Properties.

Distribution yield on the Units, however, depends on the distributions payable on the Units, after taking into account other expenses including (i) taxes, (ii) interest cost for the debt facilities, (iii) REIT management fees and trustee's fees and (iv) other operating costs including administrative fees of First REIT, as compared with the purchase price of the Units.

**The Manager is not obliged to redeem Units.**

Unitholders have no right to request that the Manager redeem their Units while the Units are listed on the SGX-ST. Unitholders may only deal in their listed Units through trading on the SGX-ST. Accordingly, apart from selling their Units through trading on the SGX-ST, Unitholders may not be able to realise their investments in Units.

If the Units are de-listed from the SGX-ST and are unlisted on any other recognised stock exchange, the Manager may, but is not obliged to, repurchase or cause the redemption of Units more than once a year in accordance with the Property Funds Appendix and a Unitholder has no right to request the repurchase or redemption of Units more than once a year.

**There is no assurance that the Units will remain listed on the SGX-ST.**

Although it is intended that the Units will remain listed on the SGX-ST, there is no guarantee of the continued listing of the Units. Among other factors, First REIT may not continue to satisfy the listing requirements. Accordingly, Unitholders will not be able to sell their Units through trading on the SGX-ST if the Units are no longer listed on the SGX-ST.

**Certain provisions of the Take-over Code could have the effect of discouraging, delaying or preventing a merger or acquisition which could adversely affect the market price of the Units.**

Under the Take-over Code, an entity is required to make a mandatory offer for all the Units not already held by it and/or parties acting in concert with it (as defined by the Take-over Code) in the event that an increase in the aggregate unitholdings of it and/or parties acting in concert with it results in the aggregate unitholdings crossing specified thresholds.

While the Take-over Code seeks to ensure an equality of treatment among Unitholders, its provisions could substantially impede the ability of Unitholders to benefit from a change in control and, as a result, may adversely affect the market price of the Units and the ability to realise any potential change of control premium.

On 11 December 2020, an application was made to the SIC for the waiver of the obligation of CDPL to make a Mandatory Offer under Rule 14.1(a) of the Take-over Code should the obligation to do so arise as a result of the allotment of the Rights Units to CDPL pursuant to the OUE Irrevocable Undertaking. The SIC has granted the waiver, subject to the satisfaction of certain conditions.

**The trading price of the Units may be volatile.**

The trading price of the Units may be subject to large fluctuations. The trading price of the Units will depend on many factors, including, but not limited to:

- the perceived prospects of First REIT's business and investments and the market for properties used for healthcare purposes or real estate-related assets;
- differences between First REIT's actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of First REIT's assets;

- the perceived attractiveness of the Units against those of other equity or debt securities, including those not in the real estate sector;
- the balance of buyers and sellers of the Units;
- the size and liquidity of the Singapore REIT market from time to time;
- any changes from time to time to the regulatory system, including the tax system, both generally and specifically in relation to Singapore REITs;
- the ability on the Manager's part to implement successfully its investment and growth strategies;
- foreign exchange rates; and
- broad market fluctuations, including increases in interest rates and weakness of the equity and debt markets.

Units may trade at prices that are higher or lower than the NAV per Unit. To the extent that First REIT retains operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of First REIT's underlying assets, may not correspondingly increase the market price of the Units. Any failure to meet market expectations with regards to future earnings and cash distributions may adversely affect the market price for the Units.

Where new Units are issued at less than the market price of Units, the value of an investment in Units may be affected. In addition, Unitholders who do not, or are not able to, participate in the new issuance of Units may experience a dilution of their interest in First REIT.

**Third parties may be unable to recover in claims brought against the Manager as the Manager is not an entity with significant assets.**

Third parties, in particular, Unitholders, may in future have claims against the Manager in connection with the carrying on of its duties as manager of First REIT (including in relation to the Offering and this Offer Information Statement).

Under the terms of the Trust Deed, the Manager is indemnified from the Deposited Property against any actions, costs, claims, damages, expenses or demands to which it may be put as the manager of First REIT unless occasioned by the fraud, gross negligence, wilful default or breach of the Trust Deed by the Manager. In the event of any such fraud, gross negligence, wilful default or breach, only the assets of the Manager itself and not the Deposited Property would be available to satisfy a claim.

## **GENERAL INFORMATION**

### **LEGAL AND ARBITRATION PROCEEDINGS**

To the best of the Manager's knowledge and belief, there are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which, in the opinion of the Manager, may have or have had in the last 12 months before the date of lodgement of this Offer Information Statement, a material effect on the financial position or profitability of First REIT.

### **MATERIAL CONTRACTS**

There were no material contracts entered into by the Trustee or the Manager, other than contracts entered into in connection with the initial public offering and listing of First REIT and in First REIT's ordinary course of business, for the period two years before the date of lodgement of this Offer Information Statement, save for:

- (i) the LPKR MOU;
- (ii) the MPU MOU;
- (iii) the Irrevocable Undertakings dated 24 December 2020, provided by FRML, OUELH and OUE to the Manager; and
- (iv) the management agreement dated 27 January 2021 entered into between the Manager and the Sole Lead Manager in relation to the Rights Issue.

### **BREACH OF TERMS AND CONDITIONS OR COVENANTS OF CREDIT ARRANGEMENT OR BANK LOAN**

To the best of the Manager's knowledge and belief, First REIT is not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect First REIT's financial position and results or business operations, or the investments by Unitholders.

### **SIGNIFICANT CHANGES**

Save as disclosed in this Offer Information Statement, to the best of the Manager's knowledge and belief, no event has occurred from 31 December 2020, being the last day of the period covered by the FY2020 Unaudited Financial Statements to the Latest Practicable Date, which may have a material effect on the financial position and results of First REIT.

### **TRADING OF UNITS**

The Manager is not aware of any significant trading suspension on the SGX-ST during the three years immediately preceding the Latest Practicable Date.

The Manager believes that Units are regularly traded on the SGX-ST.



## STATEMENTS BY EXPERTS

The valuation of the LPKR Hospitals and the MPU Hospitals as at 2 November 2020 as set out in the Valuation Certificates in **Appendix E** of this Offer Information Statement and the other statements attributed to the Independent Valuers in this Offer Information Statement were prepared by the Independent Valuers for the purpose of, amongst others, inclusion in this Offer Information Statement. The Independent Valuers have given and have not, before the lodgement of this Offer Information Statement, withdrawn their written consent to the issue of this Offer Information Statement with the inclusion of their name as Independent Valuers, their Valuation Certificates and all references thereto in the form and context in which they are included in this Offer Information Statement.

The Independent Market Research Report dated 25 December 2020 as set out in **Appendix F** of this Offer Information Statement and the other statements attributed to the Independent Market Research Consultant in this Offer Information Statement were prepared by the Independent Market Research Consultant for the purpose of, amongst others, inclusion in this Offer Information Statement. The Independent Market Research Consultant has given and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to the issue of this Offer Information Statement with the inclusion of its name as an Independent Market Research Consultant, its independent Market Research Report and all references thereto in the form and context in which they are included in this Offer Information Statement.

## CONSENT FROM THE SOLE LEAD MANAGER

Merrill Lynch (Singapore) Pte. Ltd. has given, and has not, before the lodgement of this Offer Information Statement, withdrawn its written consent to being named in this Offer Information Statement as the Sole Lead Manager to the Rights Issue.

## AUTHORITY TO ISSUE RIGHTS UNITS

The Rights Units will be issued pursuant to a General Mandate that was approved by Unitholders to the Manager for the issue of new Units, pursuant to an ordinary resolution obtained at an annual general meeting of Unitholders held on 20 May 2020. Given that the number of Rights Units to be issued under the Rights Issue is within the 100% limit<sup>1</sup> for the issue of new Units on a *pro rata* basis under the General Mandate, prior approval of Unitholders is not required for the issuance of the Rights Units.

## MISCELLANEOUS

First REIT is subject to the Code on Collective Investment Schemes issued by the Authority. The Code on Collective Investment Schemes can be found on the website of the Authority at <http://www.mas.gov.sg>.

Save as disclosed in this Offer Information Statement, including the Appendices to this Offer Information Statement, the Manager is not aware of any other matters which could materially affect, directly or indirectly, the operations or financial position or results of First REIT or investments by Unitholders.

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<sup>1</sup> The Manager will be relying on the Enhanced Share Issue Limit announced by the SGX RegCo on 8 April 2020 for the Rights Issue. The general mandate for the Enhanced Share Issue Limit had been approved by Unitholders at First REIT's annual general meeting dated 20 May 2020.

Statements contained in this Offer Information Statement which do not state historical facts may be forward-looking statements. Such statements are based on certain assumptions and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasts. See the section entitled “**Risk Factors**” of this Offer Information Statement for further details. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person or that these results will be achieved or are likely to be achieved.

Other than the Rights Entitlements under the Rights Issue, none of the Unitholders have pre-emptive rights to subscribe for or purchase the Rights Units.

As there may be prohibitions or restrictions against the offering of Rights Units in certain jurisdictions (other than Singapore), only Eligible Unitholders are eligible to participate in the Rights Issue. Please refer to the section entitled “**Eligibility of Unitholders to Participate in the Rights Issue**” of this Offer Information Statement for further information.

## GLOSSARY

For the purpose of this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>%</b>	:	Per centum or percentage
<b>2H2020</b>	:	The half year ended 30 June 2020
<b>2H2020 Unaudited Financial Statements</b>	:	The unaudited financial statements of First REIT for 2H2020
<b>2018 Secured Loan Facilities</b>	:	Syndicated loan facilities of up to S\$400 million, out of which S\$195.6 million is due on 1 March 2021, with the remaining repayable in March 2022 and March 2023
<b>2019 Secured Loan Facility</b>	:	A syndicated loan facility of up to S\$100 million, which is due in May 2022
<b>Admiralty</b>	:	Admiralty Station Management Limited
<b>Allotted Rights Units</b>	:	The FRML Allotted Rights Units and the OHI Allotted Rights Units, together
<b>ARE</b>	:	The application and acceptance form for Rights Units and Excess Rights Units issued to Eligible Unitholders in respect of their Rights Entitlements under the Rights Issue
<b>ARS</b>	:	The application and acceptance form for Rights Units to be issued to purchasers of the Rights Entitlements under the Rights Issue traded on the SGX-ST under the book-entry (scripless) settlement system
<b>ASMHL</b>	:	Argyle Street Management Holdings Limited
<b>ASML</b>	:	Argyle Street Management Limited
<b>ATM</b>	:	Automated teller machine
<b>Audit and Risk Committee</b>	:	Audit and risk committee of the Manager
<b>Authority or MAS</b>	:	Monetary Authority of Singapore
<b>Board</b>	:	The board of Directors
<b>Broker-linked Balance</b>	:	When used in <b>Appendix B</b> of this Offer Information Statement, a sub-balance in a Securities Account that is linked to a Member Company such that the Member Company has control and rights over the securities contained in such sub-balance

<b>CDP</b>	:	The Central Depository (Pte) Limited
<b>CDPL</b>	:	Clifford Development Pte. Ltd.
<b>Circular</b>	:	Circular to Unitholders dated 28 December 2020
<b>Closing Date</b>	:	(i) 16 February 2021 at 5:00 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Manager), being the last date and time for acceptance of and payment for the Rights Units by the renounees (if acceptance is made through CDP); or  (ii) 16 February 2021 at 9:30 p.m. (or such other date(s) and/or time(s) as may be announced from time to time by or on behalf of the Manager), being the last date and time for acceptance of and payment for the Rights Units by the renounees (if acceptance is made through an ATM of a Participating Bank)
<b>Closing Price</b>	:	The closing price of S\$0.405 per Unit on the SGX-ST on 24 December 2020, being the last trading day of the Units prior to the announcement of the Rights Issue on 28 December 2020
<b>CMS Licence</b>	:	Capital market services licence for REIT management issued to the Manager
<b>Colliers</b>	:	Colliers International (Hong Kong) Limited
<b>Commencement Base Rent</b>	:	The rent that is applicable to the first year under the restructured LPKR MLAs
<b>CPF</b>	:	Central Provident Fund
<b>CPFIS</b>	:	CPF Investment Scheme
<b>CPFIS Members</b>	:	Persons who have previously bought their Units under the CPF Investment Scheme – Ordinary Account
<b>CPF Funds</b>	:	CPF Investible Savings
<b>C&amp;W</b>	:	Cushman & Wakefield VHS Pte. Ltd.
<b>Deposited Property</b>	:	All the assets of First REIT for the time being held or deemed to be held upon the trusts of the Trust Deed
<b>Directors</b>	:	The directors of the Manager
<b>DPU</b>	:	Distribution per Unit

<b>EGM</b>	:	The extraordinary general meeting of Unitholders which was held on 19 January 2021
<b>Electronic Application</b>	:	Acceptance of the Rights Units and (if applicable) application for Excess Rights Units under the Rights Issue made through (i) an ATM of a Participating Bank; or (ii) the SGX-SFG Service, as the case may be, in accordance with the terms and conditions of this Offer Information Statement. For the purposes of this Offer Information Statement, any reference to any application by way of an Electronic Application without reference to such an Electronic Application being made through an ATM of a Participating Bank, where an Eligible Unitholder is a Depository Agent, shall be taken to include an application made via the SGX-SFG Service
<b>Eligible Unitholders</b>	:	Unitholders with Units standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Rights Issue Record Date or who have, at least three Market Days prior to the Rights Issue Record Date, provided CDP with addresses in Singapore for the service of notices and documents, but exclude, subject to certain exceptions, Unitholders located, resident or with a registered address in any jurisdiction in which the offering of Rights Units and Rights Entitlements may not be lawfully made
<b>EPU</b>	:	Earnings per Unit
<b>Excess Rights Units</b>	:	The Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their Rights Entitlements under the Rights Issue (during the Rights Entitlements trading period prescribed by the SGX-ST) and/or (ii) Ineligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renounees of the Rights Entitlements or purchasers of the Rights Entitlements
<b>Existing Units</b>	:	The existing Units as at the Rights Issue Record Date
<b>Facilities</b>	:	The 2018 Secured Loan Facilities and the 2019 Secured Loan Facility
<b>FCL</b>	:	Fortune Crane Limited
<b>Financial Statements</b>	:	The FY2017 Audited Financial Statements, the FY2018 Audited Financial Statements, the FY2019 Audited Financial Statements, the 2H2020 Unaudited Financial Statements and the FY2020 Unaudited Financial Statements, collectively

<b>First REIT</b>	:	First REIT
<b>First REIT Group</b>	:	First REIT and its subsidiaries
<b>Foreign Purchasers</b>	:	Persons whose registered addresses with CDP are outside Singapore and who purchase the Rights Entitlements through the book-entry (scripless) settlement system
<b>FRML</b>	:	First REIT Management Limited (in its own capacity)
<b>FRML Allotted Rights Units</b>	:	FRML's total provisional allotment of the Rights Units
<b>FRML Initial Units</b>	:	The 75,573,433 Units, representing approximately 9.36% of the total number of Units in issue, in which FRML owned an aggregate interest as at the Latest Practicable Date
<b>FRML Undertaking</b>	:	The irrevocable undertaking which FRML has, on 24 December 2020, provided to the Manager
<b>FY2017</b>	:	The financial year ended 31 December 2017
<b>FY2017 Audited Financial Statements</b>	:	The audited financial statements of First REIT for FY2017
<b>FY2018</b>	:	The financial year ended 31 December 2018
<b>FY2018 Audited Financial Statements</b>	:	The audited financial statements of First REIT for FY2018
<b>FY2019</b>	:	The financial year ended 31 December 2019
<b>FY2019 Audited Financial Statements</b>	:	The audited financial statements of First REIT for FY2019
<b>FY2020</b>	:	The financial year ended 31 December 2020
<b>FY2020 Unaudited Financial Statements</b>	:	The unaudited financial statements of First REIT for FY2020
<b>GCAL</b>	:	Golden Concord Asia Limited
<b>General Mandate</b>	:	The general mandate that was given by Unitholders to the Manager for the issue of new Units, pursuant to an ordinary resolution obtained at an annual general meeting of Unitholders held on 20 May 2020 to issue, among others, new Units (whether by way of rights, bonus or otherwise) of not more than 100.0% of the total number of issued Units as at the date the general mandate was passed
<b>GOR</b>	:	Gross operating revenue

<b>Gross Revenue</b>	:	Consists of gross rental income and (where applicable) other income earned from First REIT's Properties.
<b>HCL</b>	:	Hongkong Chinese Limited
<b>Hennessy</b>	:	Hennessy Holdings Limited
<b>HKC</b>	:	HKC Property Investment Holdings Limited
<b>Hospitals</b>	:	The hospitals in First REIT's portfolio
<b>Independent Market Research Consultant</b>	:	Frost & Sullivan (Singapore) Pte Ltd
<b>Independent Unitholders</b>	:	Unitholders other than CDPL and its concert parties
<b>Independent Valuers</b>	:	C&W and Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank, collectively
<b>Indonesian Properties</b>	:	The Properties of First REIT which are located in Indonesia
<b>Ineligible Unitholders</b>	:	Unitholders who are not Eligible Unitholders
<b>IPO</b>	:	Initial public offering of First REIT in December 2006
<b>IPO Hospital Properties</b>	:	Properties owned by First REIT at date of IPO, which include Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk (formerly known as Siloam Hospitals West Jakarta) and Siloam Hospitals Lippo Village (formerly known as Siloam Hospitals Lippo Karawaci)
<b>IPO MLAs</b>	:	The MLAs in respect of the IPO Hospital Properties
<b>Irrevocable Undertakings</b>	:	The OUE Undertaking, the FRML Undertaking and the OUELH Undertaking, collectively
<b>Issue Price</b>	:	S\$0.20, being the issue price per Rights Unit
<b>LAAPL</b>	:	Lippo ASM Asia Property Limited
<b>Labour Law</b>	:	The labour law passed in 2003, as amended by the Omnibus Law
<b>Latest Practicable Date</b>	:	26 January 2021, being the latest practicable date prior to the lodgement of this Offer Information Statement with the Authority
<b>LCG</b>	:	Lippo Capital Group Limited
<b>LCH</b>	:	Lippo Capital Holdings Company Limited
<b>LCL</b>	:	Lippo Capital Limited



<b>Listing Manual</b>	:	The Listing Manual of the SGX-ST
<b>LL</b>	:	Lippo Limited
<b>LPKR</b>	:	PT. Lippo Karawaci Tbk
<b>LPKR Hospitals</b>	:	The hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of Siloam
<b>LPKR MLAs</b>	:	The MLAs for all of the LPKR Hospitals
<b>LPKR MLA Restructuring</b>	:	The restructuring of the LPKR MLAs
<b>LPKR MOU</b>	:	A memorandum of understanding entered into between the Trustee and LPKR on 28 November 2020
<b>Manager</b>	:	First REIT Management Limited, as manager of First REIT
<b>Mandatory Offer</b>	:	A mandatory offer pursuant to Rule 14 of the Take-over Code
<b>Market Day</b>	:	Any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading
<b>Master Lease Restructuring</b>	:	The MPU MLA Restructuring and the LPKR MLA Restructuring, together
<b>Member Company</b>	:	When used in <b>Appendix B</b> of this Offer Information Statement, a Trading Member of the SGX-ST
<b>MLAs</b>	:	Master lease agreements
<b>MPU</b>	:	PT. Metropolis Propertindo Utama
<b>MPU Hospitals</b>	:	(i) Siloam Sriwijaya, (ii) Siloam Hospitals Purwakarta and (iii) Siloam Hospitals Kupang & Lippo Plaza Kupang
<b>MPU MLAs</b>	:	Existing MLAs entered into with MPU and its subsidiary, PT Bumi Sarana Sejahtera, in respect of the MPU Hospitals
<b>MPU MLA Restructuring</b>	:	The restructuring of the MPU Hospitals
<b>MPU MOU</b>	:	A memorandum of understanding entered into between the Trustee and MPU on 28 November 2020
<b>NAV</b>	:	Net asset value
<b>OCBC</b>	:	Oversea-Chinese Banking Corporation Limited
<b>Offer Information Statement</b>	:	This offer information statement to Unitholders dated 27 January 2021

<b>OHIPL</b>	:	OLH Healthcare Investments Pte. Ltd.
<b>OHIPL Initial Units</b>	:	The 83,593,683 Units, representing approximately 10.36% of the total number of Units in issue, in which OHIPL owned an aggregate interest as at the Latest Practicable Date
<b>OHI Allotted Rights Units</b>	:	OHIPL's total provisional allotment of the Rights Units
<b>Omnibus Law</b>	:	Law 11 of 2020 on Job Creation enacted by the Indonesian Government in November 2020. This regulation amends several laws ( <i>undang-undang</i> ) across multiple sectors. However, the implementing regulations to these laws will only be available within three months after the enactment of the Omnibus Law
<b>OUE</b>	:	OUE Limited
<b>OUE Initial Units</b>	:	The 159,167,216 Units, representing approximately 19.72% of the total number of Units in issue, in which OUE owned an aggregate interest as at the Latest Practicable Date
<b>OUE Undertaking</b>	:	The irrevocable undertaking which OUE has, on 24 December 2020, provided to the Manager
<b>OUELH</b>	:	OUE Lippo Healthcare Limited
<b>OHELH Undertaking</b>	:	The irrevocable undertaking which OUELH has, on 24 December 2020, provided to the Manager
<b>OUELH (SEA)</b>	:	OUELH (SEA) Pte. Ltd.
<b>OUELH (Singapore)</b>	:	OUELH (Singapore) Pte. Ltd.
<b>OUER</b>	:	OUE Realty Pte. Ltd.
<b>Participating Banks</b>	:	The banks as set out in <b>Appendix D</b> of this Offer Information Statement
<b>Properties</b>	:	First REIT's existing portfolio
<b>Property Funds Appendix</b>	:	Appendix 6 of the Code on Collective Investment Schemes issued by the Authority
<b>Prospectus</b>	:	The prospectus dated 4 December 2006 in connection with the listing of First REIT on the SGX-ST
<b>PSL</b>	:	Prime Success Limited
<b>PT TUM</b>	:	PT Trijaya Utama Mandiri
<b>Purchaser</b>		Purchasers and/or transferees of Rights Entitlements

<b>Recapitalisation Exercise</b>	:	The sponsor-backed recapitalisation exercise which comprises the 100% sponsor-backstopped Rights Issue and the Refinancing Facility
<b>Refinancing Banks</b>	:	Includes OCBC and CIMB Bank Berhad, Singapore Branch
<b>Refinancing Facility</b>	:	A facility agreement which the Trustee has entered into with the Refinancing Banks on 24 December 2020
<b>Regulation S</b>	:	Regulation S under the Securities Act
<b>REIT</b>	:	Real estate investment trust
<b>Rights Entitlements</b>	:	The provisional allotments of Rights Units to Eligible Unitholders under the Rights Issue
<b>Rights Issue</b>	:	The issue of new Units on a renounceable basis to Eligible Unitholders on the basis of the Rights Ratio at the Issue Price
<b>Rights Issue Record Date</b>	:	5:00 p.m. on 27 January 2021, being the time and date on which the Transfer Books and Register of Unitholders are closed to determine the Rights Entitlements of Eligible Unitholders under the Rights Issue
<b>Rights Ratio</b>	:	The rights ratio of 98 Rights Unit for every 100 existing Units standing to the credit of an Eligible Unitholders' Securities Account as at the Rights Issue Record Date
<b>Rights Units</b>	:	The new Units to be issued by the Manager pursuant to the Rights Issue
<b>Rp.</b>	:	Indonesian Rupiah
<b>S\$ and cents</b>	:	Singapore Dollars and cents
<b>Savills</b>	:	Savills Valuation And Professional Services (S) Pte Ltd
<b>Securities Account</b>	:	Securities account with CDP
<b>Securities Act</b>	:	U.S. Securities Act of 1933, as amended
<b>SFA</b>	:	Securities and Futures Act, Chapter 289 of Singapore
<b>SGX RegCo</b>	:	Singapore Exchange Regulation
<b>SGX-ST</b>	:	Singapore Exchange Securities Trading Limited
<b>SIAC</b>	:	Singapore International Arbitration Centre
<b>SIC</b>	:	Securities Industry Council

<b>Siloam</b>	:	PT Siloam International Hospitals Tbk
<b>Sole Lead Manager</b>	:	Merrill Lynch (Singapore) Pte. Ltd., as sole lead manager for the Rights Issue
<b>SRS</b>	:	Supplementary Retirement Scheme
<b>SRS Account</b>	:	An account opened by a participant in the SRS from which money may be withdrawn for, <i>inter alia</i> , payment of the Issue Price of the Rights Units and/or, excess Rights Units
<b>SRS Banks</b>	:	Banks in which Unitholders hold their SRS Accounts
<b>Substantial Unitholders</b>	:	Unitholders with interests in not less than 5.0% of all Units in issue
<b>Take-over Code</b>	:	The Singapore Code on Take-overs and Mergers
<b>TERP</b>	:	The theoretical ex-rights price of S\$0.30 per Unit which is calculated as follows:
		$\text{TERP} = \frac{\text{Market capitalisation of First REIT based on the Closing Price} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}}$
<b>Trustee</b>	:	Perpetual (Asia) Limited, as trustee of First REIT
<b>Trust Deed</b>	:	The trust deed dated 19 October 2006 constituting First REIT, as supplemented, amended and restated from time to time
<b>Unit</b>	:	A unit representing an undivided interest in First REIT
<b>Unitholder</b>	:	The registered holder for the time being of a Unit, including person(s) so registered as joint holders, except where the registered holder is CDP, the term "Unitholder" shall, in relation to Units registered in the name of CDP, mean, where the context requires, the Depositor whose Securities Account with CDP is credited with Units
<b>Unit Registrar</b>	:	Boardroom Corporate & Advisory Services Pte. Ltd.
<b>Unit Share Market</b>	:	The ready market of the SGX-ST for trading of odd lots of Units with a minimum size of one Unit
<b>U.S.</b>	:	United States of America
<b>Whitewash Resolution</b>	:	The waiver by the Independent Unitholders of their rights to receive a general offer for their Units from CDPL pursuant to Rule 14 of the Take-over Code

For the purpose of this Offer Information Statement, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

The terms “**Depositor**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act. Any references to the Manager shall refer to it acting in its capacity as manager of First REIT unless the context of the statement otherwise requires.

Any reference in this Offer Information Statement, the ARE or the ARS to any enactment is a reference to that enactment for the time being amended or re-enacted. Any words defined in the Companies Act, the SFA, the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, the Code on Collective Investment Schemes issued by the Authority, the Property Funds Appendix, the Listing Manual or any modification thereof and used in this Offer Information Statement, the ARE or the ARS shall, where applicable, have the same meaning ascribed to it in the Companies Act, the SFA, the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005, the Code on Collective Investment Schemes issued by the Authority, the Property Funds Appendix, the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

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, where applicable, include corporations.

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

Any reference to dates and to a time of day in this Offer Information Statement shall be a reference to Singapore dates and time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Figures and percentages are rounded to an appropriate number of decimal places, where applicable.

## CERTAIN FINANCIAL INFORMATION RELATING TO FIRST REIT

Selected financial data from the FY2017 Audited Financial Statements, the FY2018 Audited Financial Statements, the FY2019 Audited Financial Statements, the 2H2020 Unaudited Financial Statements and the FY2020 Unaudited Financial Statements, including the line items in the statements of total return and distribution statements, consolidated balance sheets and cash flow statements of First REIT are set out in this Appendix. Financial data relating to (i) DPU, (ii) EPU, (iii) EPU after any adjustment for the issuance of the Rights Units, (iv) NAV per Unit and (v) NAV per Unit after any adjustment to reflect the issuance of the Rights Units is also set out below.

Such selected financial data should be read together with the relevant notes to the Financial Statements, where applicable, which are available on the website of First REIT at the URL <http://www.first-reit.com/>.

Save for the Financial Statements which are deemed incorporated into this Offer Information Statement by reference, the information contained on the website of First REIT does not constitute part of this Offer Information Statement.

### CONSOLIDATED STATEMENTS OF TOTAL RETURN

	Unaudited 2H2020 S\$'000	Unaudited FY2020 S\$'000	FY2019 S\$'000	Audited FY2018 S\$'000	FY2017 S\$'000
Rental and other income	41,021	79,619	115,297	116,198	110,993
Property operating expenses	(1,084)	(2,154)	(2,403)	(1,807)	(1,517)
<b>Net property and other income</b>	<b>39,937</b>	<b>77,465</b>	<b>112,894</b>	<b>114,391</b>	<b>109,476</b>
Interest income	–	1,436	2,364	1,690	1,429
Finance costs	(7,911)	(17,826)	(20,390)	(21,614)	(17,818)
Manager's management fees	(4,682)	(9,410)	(11,401)	(11,435)	(10,877)
Trustee fees	(203)	(416)	(430)	(427)	(405)
Other expenses	(4,179)	(5,703)	(1,002)	(2,298)	(1,056)
Non-property expenses	(16,975)	(33,355)	(33,223)	(35,774)	(30,156)
<b>Net income before the undernoted</b>	<b>22,962</b>	<b>45,546</b>	<b>82,035</b>	<b>80,307</b>	<b>80,749</b>
Net fair value (losses)/gains of investment properties	(401,387)	(401,387)	(5,607)	(5,358)	13,367
Net fair value gains/(losses) of derivative financial instruments	1,255	(2,391)	(1,004)	(174)	(558)
<b>Total return for the year before income tax</b>	<b>(377,170)</b>	<b>(358,232)</b>	<b>75,388</b>	<b>74,775</b>	<b>93,558</b>
Income tax benefit/(expenses)	12,265	5,822	(26,472)	1,100	(20,120)
<b>Total return for the year after income tax</b>	<b>(364,905)</b>	<b>(352,410)</b>	<b>48,916</b>	<b>75,875</b>	<b>73,438</b>
Exchange differences on translating foreign operations, net of tax	(526)	(164)	(133)	370	(649)
<b>Total comprehensive income for the year</b>	<b>(365,431)</b>	<b>(352,574)</b>	<b>48,783</b>	<b>76,245</b>	<b>72,789</b>
<b>Total return for the year after income tax</b>	<b>(364,905)</b>	<b>(352,410)</b>	<b>48,916</b>	<b>75,875</b>	<b>73,438</b>

	<b>Unaudited</b> <b>2H2020</b> <b>S\$'000</b>	<b>Unaudited</b> <b>FY2020</b> <b>S\$'000</b>	<b>FY2019</b> <b>S\$'000</b>	<b>Audited</b> <b>FY2018</b> <b>S\$'000</b>	<b>FY2017</b> <b>S\$'000</b>
Manager's management fees settled in units	2,334	4,679	9,747	9,459	8,892
Change in fair value of investment properties, net of deferred tax	383,118	383,118	13,361	(14,343)	(11,062)
Net fair value (gains)/losses of derivative financial instruments	(1,255)	2,391	1,040	174	558
Amount reserved for distribution to perpetual securities holders	(1,718)	(3,417)	(3,408)	(3,408)	(3,408)
Foreign exchange adjustment losses/(gains)	(986)	(325)	(245)	380	(1,526)
Others	(1,595)	(623)	(948)	(456)	(165)
<b>Amount available for distribution to the Unitholders</b>	<b>14,993</b>	<b>33,413</b>	<b>68,463</b>	<b>67,681</b>	<b>66,727</b>
<b>Distribution per Unit (cents)</b>	<b>1.85</b>	<b>4.15</b>	<b>8.60</b>	<b>8.60</b>	<b>8.57</b>
<b>Earnings per Unit (cents)</b>					
Basic and Diluted	(45.55)	(44.33)	5.74	9.23	9.02
<b>Adjusted earnings per Unit<sup>1</sup> (cents)</b>					
Basic and Diluted	(22.97)	(22.33)	2.87	4.60	4.47

1 Adjusted earnings per Unit is calculated based on the assumption that the Rights Issue has completed on the last day of FY2017.



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As at 31 December 2020 S\$'000	As at 31 December 2019 S\$'000	Audited As at 31 December 2018 S\$'000	As at 31 December 2017 S\$'000
<b>Non-current assets</b>				
Plant and equipment	41	55	68	–
Investment properties <sup>1</sup>	939,670	1,340,780	1,345,295	1,349,303
Deferred tax assets	–	1,467	1,368	1,213
Other receivables, non-current	–	–	27,035	27,035
	<b>939,711</b>	<b>1,342,302</b>	<b>1,373,766</b>	<b>1,377,551</b>
<b>Current assets</b>				
Trade and other receivables, current	45,028	48,833	32,391	25,982
Other assets, current	–	–	4,833	4,573
Other financial assets, current	877	3,021	26	–
Cash and cash equivalents	19,292	32,980	27,758	15,741
	<b>65,197</b>	<b>84,834</b>	<b>65,008</b>	<b>46,296</b>
<b>Total assets</b>	<b>1,004,908</b>	<b>1,427,136</b>	<b>1,438,774</b>	<b>1,423,847</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	19,968	39,703	31,850	51,396
Other financial liabilities, non-current <sup>2</sup>	293,660	486,410	386,761	278,125
Derivative financial instruments	3,866	1,253	250	512
	<b>317,494</b>	<b>527,366</b>	<b>418,861</b>	<b>330,033</b>
<b>Current liabilities</b>				
Income tax payable	676	1,951	1,989	2,000
Trade and other payables, current	17,316	18,840	16,135	18,216
Other financial liabilities, current <sup>3</sup>	195,345	–	109,658	198,324
Other liabilities, current	10,107	23,043	22,793	22,795
Derivative financial instruments	–	222	185	164
	<b>223,444</b>	<b>44,056</b>	<b>150,760</b>	<b>241,499</b>
<b>Total liabilities</b>	<b>540,938</b>	<b>571,422</b>	<b>569,621</b>	<b>571,532</b>
<b>Net assets</b>	<b>463,970</b>	<b>855,714</b>	<b>869,153</b>	<b>852,315</b>
<b>Represented by:</b>				
<b>Net assets attributable to unitholders</b>	<b>403,092</b>	<b>794,836</b>	<b>808,275</b>	<b>791,437</b>
<b>Perpetual securities holders</b>	<b>60,878</b>	<b>60,878</b>	<b>60,878</b>	<b>60,878</b>
<b>Net assets attributable to perpetual securities holders</b>	<b>60,878</b>	<b>60,878</b>	<b>60,878</b>	<b>60,878</b>
<b>Net assets value</b>	<b>463,970</b>	<b>855,714</b>	<b>869,153</b>	<b>852,315</b>
<b>Net assets value per unit (cents)</b>	<b>49.94</b>	<b>99.64</b>	<b>102.51</b>	<b>101.47</b>
<b>Adjusted net assets value per Unit (cents)<sup>4</sup></b>	<b>35.13</b>	<b>60.00</b>	<b>61.20</b>	<b>60.46</b>

1 Please refer to Note 1.

2 Please refer to Note 2.

3 Please refer to Note 2.

4 Adjusted net assets per Unit is calculated based on the assumption that the Rights Issue has completed on the last day of FY2017.

**Note 1****Investment properties**

	<b>Group</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At fair value:				
Balance at beginning of the year	1,340,780	1,345,295	1,349,303	1,273,159
Additions at cost	424	1,202	1,178	63,479
Translation differences	(147)	(110)	172	(702)
Change in fair value included in statements of total return	(401,387)	(5,607)	(5,358)	13,367
Balance at end of the year	<u>939,670</u>	<u>1,340,780</u>	<u>1,345,295</u>	<u>1,349,303</u>
Rental income from investment properties	<u>79,619</u>	<u>115,295</u>	<u>116,198</u>	<u>110,993</u>
Direct operating expenses (including repairs and maintenance) arising from investment properties that generated rental income during the reporting year	<u>(2,154)</u>	<u>(2,403)</u>	<u>(1,807)</u>	<u>(1,517)</u>

**Note 2****Other financial liabilities**

	<b>Group</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Current:				
Bank loans (secured)	195,662	–	–	99,031
Transaction cost to be amortised	(317)	–	–	(615)
	<u>195,345</u>	<u>–</u>	<u>–</u>	<u>98,416</u>
Bank loans (unsecured)	–	–	110,000	–
Transaction cost to be amortised	–	–	(342)	–
	<u>–</u>	<u>–</u>	<u>109,658</u>	<u>–</u>
Fixed rate notes	–	–	–	100,000
Transaction cost to be amortised	–	–	–	(92)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>99,908</u>
Current, total	<u>195,345</u>	<u>–</u>	<u>109,658</u>	<u>198,324</u>

	<b>Group</b>			
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'0005</b>	<b>\$'000</b>	<b>\$'000</b>
Non-current:				
Bank loans (secured)	296,713	492,717	392,962	269,550
Transaction cost to be amortised	(3,053)	(6,307)	(6,201)	(1,382)
	<u>293,660</u>	<u>486,410</u>	<u>386,761</u>	<u>268,168</u>
Bank loans (unsecured)	–	–	–	10,000
Transaction cost to be amortised	–	–	–	(43)
	<u>–</u>	<u>–</u>	<u>–</u>	<u>9,957</u>
Non-current, total	<u>293,660</u>	<u>486,410</u>	<u>386,761</u>	<u>278,125</u>
Total other financial liabilities	<u>489,005</u>	<u>486,410</u>	<u>496,419</u>	<u>476,449</u>

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited		FY2019	Audited	
	2H2020	FY2020		FY2018	FY2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>					
Total (loss)/return before income tax	(377,170)	(358,232)	75,388	74,775	93,558
Other income	–	(1,436)	(2,364)	(1,690)	(1,429)
Interest expense	6,376	14,713	17,493	16,500	15,733
Amortisation of borrowing costs	1,535	3,113	2,897	5,114	2,085
Depreciation expenses	6	13	13	–	–
Foreign exchange gains	(986)	(325)	(245)	380	(1,526)
Decrease in fair value of investment properties	401,387	401,387	5,607	5,358	(13,367)
Net fair value (gains)/losses of derivative financial instruments	(1,255)	2,391	1,040	174	558
(Gains)/Losses on disposal of quoted shares	(1)	6	7	–	–
Manager's management fees settled in units	1,343	2,750	4,878	4,718	4,419
<b>Operating cash flows before changes in working capital</b>	<b>31,235</b>	<b>64,380</b>	<b>104,714</b>	<b>105,329</b>	<b>100,031</b>
Trade and other receivables, current	3,193	3,737	10,589	(6,211)	(14,178)
Other assets, current	4,154	2,142	1,812	(260)	(893)
Trade and other payables, current	5,341	6,763	1,467	(6,907)	3,882
Other liabilities, current	(13,635)	(12,935)	250	(2)	848
<b>Net cash flows from operating activities before income tax</b>	<b>30,288</b>	<b>64,087</b>	<b>118,832</b>	<b>91,949</b>	<b>89,690</b>
Income taxes paid	(4,714)	(12,447)	(18,756)	(18,611)	(17,010)
<b>Net cash flows from operating activities</b>	<b>25,574</b>	<b>51,640</b>	<b>100,076</b>	<b>73,338</b>	<b>72,680</b>
<b>Cash flows from investing activities</b>					
Increase in investment properties	(1,522)	(1,665)	(1,202)	(1,178)	(63,479)
Interest received	6	1,451	2,345	1,690	1,432
Purchase of plant and equipment	–	–	–	(68)	–
Investment in quoted shares	(145)	(268)	(620)	(26)	–
Disposal of quoted shares	178	262	639	–	–
Progress payment for Siloam Hospitals Surabaya	–	–	–	–	(9,000)
<b>Net cash flows (used in)/from investing activities</b>	<b>(1,483)</b>	<b>(220)</b>	<b>1,162</b>	<b>418</b>	<b>(71,047)</b>
<b>Cash flows from financing activities</b>					
Distribution to Unitholders	(11,693)	(43,773)	(68,285)	(65,382)	(63,006)
Increase in borrowings	–	–	100,000	24,000	63,070
Repayment of borrowings	–	–	(110,000)	–	–
Interest paid	(9,209)	(17,918)	(14,323)	(16,949)	(16,124)
Distribution to perpetual securities holders	(1,699)	(3,417)	(3,408)	(3,408)	(3,408)
<b>Net cash flows used in financing activities</b>	<b>(22,601)</b>	<b>(65,108)</b>	<b>(96,016)</b>	<b>(61,739)</b>	<b>(19,468)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,490</b>	<b>(13,688)</b>	<b>5,222</b>	<b>12,017</b>	<b>(17,835)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>17,802</b>	<b>32,980</b>	<b>27,758</b>	<b>15,741</b>	<b>33,576</b>
<b>Cash and cash equivalents at end of the year</b>	<b>19,292</b>	<b>19,292</b>	<b>32,980</b>	<b>27,758</b>	<b>15,741</b>

## PROCEDURES FOR ACCEPTANCE, PAYMENT AND EXCESS APPLICATION BY ELIGIBLE UNITHOLDERS

### 1. INTRODUCTION

- 1.1 Eligible Unitholders are entitled to receive this Offer Information Statement and the ARE which forms part of this Offer Information Statement. This Offer Information Statement (including the ARE) will not be despatched to Ineligible Unitholders. For the purposes of this Offer Information Statement, any reference to an application by way of an Electronic Application without reference to such an Electronic Application being made through an ATM of a Participating Bank shall, where the Eligible Unitholder is a Depository Agent, or where a Member Company is making an application in respect of a Broker-linked Balance linked to the Member Company, be taken to include an application made via the SGX-SFG Service.
- 1.2 The Rights Entitlements are governed by the terms and conditions of this Offer Information Statement, (if applicable) the Trust Deed and the instructions in the ARE.

The number of Rights Entitlements allotted to each Eligible Unitholder is indicated in the ARE (fractional entitlements (if any) having been disregarded). If an Eligible Unitholder has Broker-linked Balance(s) and there are Rights Entitlements allotted to the Eligible Unitholder in the Broker-linked Balance, a separate ARE will be issued for the number of Rights Entitlements allotted to the Eligible Unitholder in each such Broker-linked Balance.

The Securities Accounts of Eligible Unitholders have been credited by CDP with the Rights Entitlements as indicated in the ARE. Eligible Unitholders may accept their Rights Entitlements in whole or in part and are eligible to apply for Excess Rights Units under the Rights Issue, save as provided in paragraph 5.7 of this **Appendix B** of this Offer Information Statement. Full instructions for the acceptance of and payment for the Rights Entitlements and payment for Excess Rights Units are set out in the Offer Information Statement as well as the ARE.

Eligible Unitholders should note that any Rights Entitlements allotted in a Broker-linked Balance which are accepted and (if applicable) any Excess Rights Units credited pursuant to applications for Excess Rights Units in respect of a Broker-linked Balance shall be credited to the same Broker-linked Balance.

- 1.3 If an Eligible Unitholder wishes to accept his Rights Entitlements specified in the ARE, in full or in part, and (if applicable) apply for Excess Rights Units in addition to the Rights Entitlements allotted to him, he may do so by completing and signing the relevant sections of the ARE or by way of an Electronic Application (other than acceptances of and, if applicable, excess applications for Rights Units for an Eligible Unitholders' Broker-linked Balance which may not be by way of an Electronic Application made through an ATM of a Participating Bank). An Eligible Unitholder should ensure that the ARE is accurately completed and signed, failing which the acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units may be rejected.

For and on behalf of the Manager, CDP reserves the right to refuse to accept any acceptance(s) and (if applicable) excess application(s) if the ARE is not accurately completed and signed or if the "Free Balance" of your relevant Securities Account or Broker-linked Balance of your Securities Account (if applicable) is not credited with, or is credited with less than, the relevant number of Rights Entitlements accepted as at the last date and time for acceptance, (if applicable) application and payment or for any other reason(s) whatsoever the acceptance and (if applicable) the excess application is in breach of the terms of the ARE or the Offer Information Statement, at CDP's absolute discretion, and to return all monies received to the person(s) entitled thereto **BY CREDITING HIS/THEIR BANK ACCOUNT(S) WITH THE RELEVANT PARTICIPATING BANK** (if he/they accept and (if applicable) apply through an ATM of a Participating Bank) or **BY CREDITING HIS/THEIR DESIGNATED BANK ACCOUNT(S) VIA CDP'S DIRECT CREDITING SERVICE**, as the case may be, (in each case) **AT HIS/THEIR OWN RISK** without interest or any share of revenue or other benefit arising therefrom (if he/they accept and (if applicable) apply through CDP). In the event that an Eligible Unitholder (who accepts and (if applicable) applies through CDP) is not subscribed to CDP's Direct Crediting Service, any monies to be returned will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (the retention by CDP being a good discharge of the Manager's obligations).

**AN ELIGIBLE UNITHOLDER MAY ACCEPT HIS RIGHTS ENTITLEMENTS SPECIFIED IN HIS ARE AND (IF APPLICABLE) APPLY FOR EXCESS RIGHTS UNITS EITHER THROUGH CDP AND/OR (OTHER THAN FOR RIGHTS ENTITLEMENTS ALLOTTED IN AN ELIGIBLE UNITHOLDERS' BROKER-LINKED BALANCE) BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK AS DESCRIBED BELOW. WHERE AN ELIGIBLE UNITHOLDER IS A DEPOSITORY AGENT, OR WHERE A MEMBER COMPANY MAKES AN APPLICATION IN RESPECT OF A BROKER-LINKED BALANCE LINKED TO THE MEMBER COMPANY, IT MAY MAKE ITS ACCEPTANCE AND EXCESS APPLICATION (IF APPLICABLE) VIA THE SGX-SFG SERVICE.**

Where an acceptance, (if applicable) application and/or payment does not conform strictly to the terms set out under this Offer Information Statement, the ARE, the ARS and/or any other application form for the Rights Units and/or Excess Rights Units in relation to the Rights Issue, or is illegible, incomplete, incorrectly completed, unsigned, signed but not in its originality or is accompanied by an improperly or insufficiently drawn remittance, or does not comply with the instructions for Electronic Application, or where the "Free Balance" of the Eligible Unitholder's Securities Account is not credited with or is credited with less than the relevant number of Rights Entitlements accepted as at the last date and time for acceptance of and excess application and payment for the Rights Units, the Manager and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such acceptance, application, payment and/or other process of remittances at any time after receipt in such manner as they/it may deem fit.

The Manager and CDP shall be entitled to process each application submitted for the acceptance of Rights Entitlements, and where applicable, application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application, by an Eligible Unitholder or a Member Company in respect of a Broker-linked Balance linked to the Member Company, on its own, without regard to any other application and payment that may be submitted by the same Eligible Unitholder or where applicable, by the Member Company in respect of a Broker-linked Balance in the Eligible Unitholder's Securities Account linked to the Member Company. For the avoidance of doubt, insufficient payment for an application may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units.

- 1.4 **Persons who have previously bought their Units under the CPF Investment Scheme – Ordinary Account (collectively, “CPFIS Members”) can only use, subject to applicable CPF rules and regulations, their CPF account savings (“CPF Funds”) for the payment of the Issue Price to accept their provisional allotments of Rights Entitlements and (if applicable) apply for Excess Rights Units. CPFIS Members who wish to accept their provisional allotments of Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF Funds will need to instruct their respective approved banks, where such CPFIS Members hold their CPF Investment Accounts, to accept the Rights Entitlements and (if applicable) apply for the Excess Rights Units on their behalf in accordance with this Offer Information Statement. In the case of insufficient CPF Funds or stock limit, CPFIS Members could top-up cash into their CPF Investment Accounts before instructing their respective approved CPF agent banks to accept the Rights Entitlements and (if applicable) apply for Excess Rights Units. Any acceptance and (if applicable) application made directly to CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected. CPF Funds cannot, however, be used for the purchase of provisional allotments of Rights Entitlements directly from the market.**

**SRS investors who had purchased Units using their SRS Accounts and who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units can only do so, subject to applicable SRS rules and regulations, using monies standing to the credit of their respective SRS Accounts. Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies, must instruct the relevant approved banks in which they hold their SRS Accounts to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf. Such Unitholders who have insufficient funds in their SRS Accounts may, subject to the SRS contribution cap, deposit cash into their SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and/or apply for Excess Rights Units. SRS investors are advised to provide their respective approved banks in which they hold their SRS Accounts with the appropriate instructions no later than the deadlines set by their respective approved banks in order for their respective approved banks to make the relevant acceptance and (if applicable) application on their behalf by the Closing Date. Any acceptance and/or application made directly through CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected. For the avoidance of doubt, monies in SRS Accounts may not be used for the purchase of the Rights Entitlements directly from the market.**

- 1.5 Unless expressly provided to the contrary in this Offer Information Statement, the ARE and/or the ARS with respect to enforcement against Eligible Unitholders or their renounees, a person who is not a party to any contracts made pursuant to this Offer Information Statement, the ARE and/or the ARS has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore, to enforce any term of such contracts. Notwithstanding any term contained herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable
- 1.6 An Eligible Unitholder with Rights Entitlements allocated in a Broker-linked Balance should note that the Member Company linked to the Broker-linked Balance may accept the Rights Entitlements held in the Broker-linked Balance and apply for Excess Rights Units for such Broker-linked Balance. CDP shall not be responsible for ascertaining, verifying or investigating, and has no duty to ascertain, verify or investigate any particulars relating to the acceptance of Rights Units held in a Broker-linked Balance and whether the Eligible Unitholder has authorised the acceptance of the Rights Entitlements and, where applicable, application for Excess Rights Units.



- 1.7 Details on the acceptance for Rights Entitlements and, where applicable, application for Excess Rights Units (other than in respect of Broker-linked Balances) are set out in paragraphs 2 to 4 below.

Details on the acceptance for Rights Entitlements in an Eligible Unitholder's Broker-linked Balance and application for Excess Rights Units for a Broker-linked Balance are set out in paragraphs 5 to 7 below.

## 2. **MODE OF ACCEPTANCE AND APPLICATION (OTHER THAN FOR BROKER-LINKED BALANCES)**

### 2.1 **Acceptance/Application by way of Electronic Application through an ATM of a Participating Bank**

Instructions for Electronic Applications through ATMs to accept the Rights Entitlements or (if applicable) to apply for Excess Rights Units will appear on the ATM screens of the respective Participating Banks. Please refer to **Appendix C** of this Offer Information Statement for the additional terms and conditions for Electronic Applications through an ATM of a Participating Bank.

**IF AN ELIGIBLE UNITHOLDER MAKES AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, HE WOULD HAVE IRREVOCABLY AUTHORISED THE PARTICIPATING BANK TO DEDUCT THE FULL AMOUNT PAYABLE FROM HIS BANK ACCOUNT WITH SUCH PARTICIPATING BANK IN RESPECT OF SUCH APPLICATION. IN THE CASE OF AN ELIGIBLE UNITHOLDER WHO HAS ACCEPTED THE RIGHTS ENTITLEMENTS BY WAY OF THE ARE AND/OR THE ARS AND/OR HAS APPLIED FOR EXCESS RIGHTS UNITS BY WAY OF THE ARE AND ALSO BY WAY OF AN ELECTRONIC APPLICATION THROUGH AN ATM OF A PARTICIPATING BANK, THE MANAGER AND/OR CDP SHALL BE AUTHORISED AND ENTITLED TO ACCEPT HIS INSTRUCTIONS IN WHICHEVER MODE OR COMBINATION AS THE MANAGER AND/OR CDP MAY, IN THEIR ABSOLUTE DISCRETION, DEEM FIT.**

### 2.2 **Acceptance/Application through CDP**

If the Eligible Unitholder wishes to accept the Rights Entitlements and (if applicable) apply for Excess Rights Units through CDP, he must:

- (a) complete and sign the ARE. In particular, he must state in Part C(i) of the ARE the total number of Rights Entitlements provisionally allotted to him which he wishes to accept and the number of Excess Rights Units applied for and in Part C(ii) of the ARE the 6 digits of the Cashier's Order/Banker's Draft; and
- (b) deliver the duly completed and original signed ARE accompanied by **A SINGLE REMITTANCE** for payment in full for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for by post, **AT THE SENDER'S OWN RISK**, in the self-addressed envelope provided, to **FIRST REIT MANAGEMENT LIMITED, AS MANAGER OF FIRST REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **5:00 P.M. ON 16 FEBRUARY 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The payment for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for at the Issue Price must be made in Singapore currency in the form of a Cashier's Order or a Banker's Draft drawn on a bank in Singapore and made

payable to “**CDP – FIRST REIT RIGHTS ISSUE ACCOUNT**” and crossed “**NOT NEGOTIABLE, A/C PAYEE ONLY**” with the name and Securities Account number of the Eligible Unitholder clearly written in block letters on the reverse side of the Cashier’s Order or Banker’s Draft.

**NO COMBINED CASHIER’S ORDER OR BANKER’S DRAFT FOR (A) DIFFERENT SECURITIES ACCOUNTS; OR (B) THE MAIN BALANCE AND ANY BROKER-LINKED BALANCE OF A SECURITIES ACCOUNT; OR (C) DIFFERENT BROKER-LINKED BALANCES OF A SECURITIES ACCOUNT, WILL BE ACCEPTED. NO OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

**FOR SRS INVESTORS AND INVESTORS WHO HOLD UNITS THROUGH FINANCE COMPANIES OR DEPOSITORY AGENTS, ACCEPTANCES OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATIONS FOR EXCESS RIGHTS UNITS MUST BE DONE THROUGH THE RELEVANT APPROVED BANKS IN WHICH THEY HOLD THEIR SRS ACCOUNTS AND THE RESPECTIVE FINANCE COMPANIES OR DEPOSITORY AGENTS, RESPECTIVELY. SUCH INVESTORS ARE ADVISED TO PROVIDE THEIR RESPECTIVE BANKS IN WHICH THEY HOLD THEIR SRS ACCOUNTS, FINANCE COMPANIES OR DEPOSITORY AGENTS, AS THE CASE MAY BE, WITH THE APPROPRIATE INSTRUCTIONS NO LATER THAN THE DEADLINES SET BY THEM IN ORDER FOR SUCH INTERMEDIARIES TO MAKE THE RELEVANT ACCEPTANCE AND (IF APPLICABLE) APPLICATION ON THEIR BEHALF BY THE CLOSING DATE. ANY ACCEPTANCE AND/OR APPLICATION MADE DIRECTLY THROUGH CDP, ELECTRONIC APPLICATIONS AT ATMS OF PARTICIPATING BANKS, THE UNIT REGISTRAR AND/OR THE MANAGER WILL BE REJECTED.**

**WHERE AN ELIGIBLE UNITHOLDER IS A DEPOSITORY AGENT, IT MAY MAKE ITS ACCEPTANCE VIA THE SGX-SFG SERVICE.**

### **2.3 Acceptance through the SGX-SFG Service (for Depository Agents only)**

Depository Agents may accept Rights Entitlements and (if applicable) apply for Excess Rights Units through the SGX-SFG Service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents. CDP has been authorised by the Manager to receive acceptances and (if applicable) applications on its behalf. Such acceptances and (if applicable) applications will be deemed irrevocable and subject to each of the terms and conditions contained in the ARE and the Offer Information Statement as if the ARE had been completed and submitted to CDP.

### **2.4 Insufficient Payment**

If no remittance is attached or the remittance attached is less than the full amount payable for the Rights Entitlements accepted by the Eligible Unitholder and (if applicable) the Excess Rights Units applied for by the Eligible Unitholder, the attention of the Eligible Unitholder is drawn to paragraphs 1.3 and 5.2 of this **Appendix B** of this Offer Information Statement which set out the circumstances and manner in which the Manager and CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Manager’s behalf whether under the ARE, the ARS or any other application form for Rights Units in relation to the Rights Issue.

## 2.5 Acceptance of Part of Rights Entitlements and Trading of Rights Entitlements

An Eligible Unitholder may choose to accept his Rights Entitlements specified in the ARE in full or in part. If an Eligible Unitholder wishes to accept part of his Rights Entitlements and trade the balance of his Rights Entitlements on the SGX-ST, he should:

- (a) complete and sign the ARE for the number of Rights Entitlements which he wishes to accept and submit the duly completed and original signed ARE together with payment in the prescribed manner as described above to CDP; or
- (b) accept and subscribe for that part of his Rights Entitlements by way of Electronic Application(s) in the prescribed manner as described in paragraph 2.1 or 2.3 above.

The balance of his Rights Entitlements may be sold as soon as dealings therein commence on the SGX-ST.

Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST during the Rights Entitlements trading period should note that the Rights Entitlements will be tradable in board lots, each board lot comprising 100 Rights Entitlements, or any other board lot size which the SGX-ST may require. Such Eligible Unitholders may start trading in their Rights Entitlements as soon as dealings therein commence on the SGX-ST. Eligible Unitholders who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market of the SGX-ST during the Rights Entitlements trading period.

## 2.6 Sale of Rights Entitlements

The ARE need not be forwarded to the purchasers and/or transferees of the Rights Entitlements (“**Purchasers**”) as arrangements will be made by CDP for separate ARS to be issued to the Purchasers. Purchasers should note that CDP will, for and on behalf of the Manager, send the ARS and other accompanying documents, **BY ORDINARY POST AND AT THE PURCHASERS’ OWN RISK**, to their respective Singapore addresses as maintained in the records of CDP. Purchasers should ensure that their ARS are accurately completed and signed, failing which their acceptances of the Rights Entitlements may be rejected. Purchasers who do not receive the ARS, accompanied by this Offer Information Statement and other accompanying documents, may obtain the same from CDP or the Unit Registrar, for the period up to **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

Purchasers should also note that if they make any purchase on or around the last trading day of the nil-paid Rights, this Offer Information Statement and its accompanying documents might not be despatched in time for the subscription of the Rights Entitlements. Purchasers may obtain a copy of this Offer Information Statement and its accompanying documents from CDP. Alternatively, Purchasers may accept and subscribe for their Rights Units by way of Electronic Applications in the prescribed manner as described in paragraph 2.1 above.

This Offer Information Statement and its accompanying documents will not be despatched to Purchasers whose registered addresses with CDP are outside Singapore (“**Foreign Purchasers**”). Subject to compliance with applicable laws, Foreign Purchasers who wish to accept the Rights Entitlements credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

**PURCHASERS SHOULD INFORM THEIR FINANCE COMPANIES OR DEPOSITORY AGENTS IF THEIR PURCHASES OF SUCH RIGHTS ENTITLEMENTS ARE SETTLED THROUGH THESE INTERMEDIARIES. IN SUCH INSTANCES, IF THE PURCHASERS WISH TO ACCEPT THE RIGHTS ENTITLEMENTS REPRESENTED BY THE RIGHTS ENTITLEMENTS PURCHASED, THEY WILL NEED TO GO THROUGH THESE INTERMEDIARIES, WHO WILL THEN ACCEPT THE RIGHTS ENTITLEMENTS ON THEIR BEHALF.**

## **2.7 Renunciation of Rights Entitlements**

Eligible Unitholders who wish to renounce in full or in part their Rights Entitlements in favour of a third party should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of Rights Entitlements which they wish to renounce. Such renunciation shall be made in accordance with the “Terms and Conditions for Operations of Securities Accounts with CDP”, as the same may be amended from time to time, copies of which are available from CDP. As CDP requires at least three (3) Market Days to effect such renunciation, Eligible Unitholders who wish to renounce their Rights Entitlements are advised to do so early to allow sufficient time for CDP to send the ARS and other accompanying documents, for and on behalf of the Manager, to the renounee by ordinary post and **AT HIS OWN RISK**, to his Singapore address as maintained in the records of CDP, and for the renounee to accept his Rights Entitlements. The last date and time for acceptance of the Rights Entitlements and payment for the Rights Units by the renounee is **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through CDP) or **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through an ATM of a Participating Bank).

## **2.8 Acceptance/Application using CPF Funds**

Unitholders participating under the CPFIS – Ordinary Account must use, subject to applicable CPF rules and regulations, monies standing to the credit of their respective CPF Investment Accounts to pay for the acceptance of their Rights Entitlements and (if applicable) application for Excess Rights Units, if they have previously bought their Units using their CPF Funds.

Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using CPF Funds must have sufficient funds in their CPF Investment Accounts and must instruct their respective approved banks, where such Unitholders hold their CPF Investment Accounts, to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

Such Unitholders who have insufficient funds in their CPF Investment Accounts may deposit cash into their CPF Investment Accounts with their approved banks to enable them to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units. CPF Funds may not, however, be used for the purchase of the Rights Entitlements directly from the market.

## **2.9 Acceptance/Application using SRS Funds**

**Unitholders with SRS Accounts must use, subject to applicable SRS rules and regulations, monies standing to the credit of their respective SRS Accounts to pay for the acceptance of their Rights Entitlements and (if applicable) application for Excess Rights Units.**

Such Unitholders who wish to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units using SRS monies will need to instruct the relevant approved banks in which they hold their SRS Accounts (“**SRS Banks**”) to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf and make sure that they have sufficient funds in their SRS Accounts to pay for the number of Rights Units (including, if applicable, the Excess Rights Units) for which they intend to subscribe. They may also partially accept their Rights Entitlements and/or instruct their respective brokers to sell their Rights Entitlements held under their SRS Accounts during the Rights Entitlements trading period on the SGX-ST.

Unitholders who have insufficient funds in their SRS Accounts to fully accept their Rights Entitlements and/or apply for Excess Rights Units and who have:

- (a) **not reached their SRS contribution cap** may, subject to the SRS contribution cap, deposit cash into their SRS Accounts and (i) instruct their respective SRS Banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf, to the extent of the funds available in their SRS Accounts, and/or (ii) to the extent that there are insufficient funds in their SRS Accounts after the said deposit to fully accept their Rights Entitlements, instruct their respective brokers to sell their Rights Entitlements during the Rights Entitlements trading period on the SGX-ST.
- (b) **reached their SRS contribution cap** may instruct their respective SRS Banks to (i) accept their Rights Entitlements and (if applicable) apply for Excess Rights Units to the extent of the funds available in their SRS Accounts, and/or (ii) to the extent that there are insufficient funds in their SRS Accounts to fully accept their Rights Entitlements, instruct their respective brokers to sell their Rights Entitlements during the Rights Entitlements trading period on the SGX-ST.

If a Unitholder instructs the relevant SRS Bank to subscribe for Rights Units and (if applicable) apply for Excess Rights Units offered under the Rights Issue and he does not have sufficient funds in his SRS Account to pay for the number of Rights Units which he intends to subscribe, his acceptance of Rights Entitlements under the Rights Issue and, if applicable, application for Excess Rights Units will be made in part to the extent of the funds available in his SRS Account with the balance rejected.

**SRS monies may not be used for the purchase of Rights Entitlements directly from the market.**

**Any acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units made by the above-mentioned Unitholders directly through CDP, Electronic Applications at ATMs of the Participating Banks, the Unit Registrar and/or the Manager will be rejected.**

## **2.10 Acceptance/Application via Finance Company and/or Depository Agent**

Unitholders who hold Units through a finance company and/or Depository Agent must instruct the relevant finance company and/or Depository Agent to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units on their behalf in accordance with this Offer Information Statement.

**Any acceptance and (if applicable) application made by the above-mentioned Unitholders directly through CDP, Electronic Applications at ATMs of Participating Banks, the Unit Registrar and/or the Manager will be rejected.**

**2.11 Return of Surplus Application Monies**

In the case of applications for Excess Rights Units, if no Excess Rights Units are allotted to an Eligible Unitholder or if the number of Excess Rights Units allotted to an Eligible Unitholder is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to the Eligible Unitholder without interest or any share of revenue or other benefit arising therefrom within three business days after commencement of trading of Rights Units, at the Eligible Unitholder’s own risk by crediting the Eligible Unitholder’s bank account with the relevant Participating Bank if the Eligible Unitholder accepts and (if applicable) applies through an ATM of a Participating Bank, the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder, or in such other manner as the Eligible Unitholder may have agreed with CDP for the payment of any cash distributions, if the Eligible Unitholder accepts and (if applicable) applies through CDP.

**3. COMBINATION APPLICATION**

In the event that the Eligible Unitholder or the Purchaser accepts the Rights Entitlements by way of the ARE and/or the ARS and/or has applied for Excess Rights Units by way of the ARE and also by way of Electronic Application(s), the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Eligible Unitholder and the Purchaser shall be regarded as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE, the ARS and (if applicable) any other acceptance of Rights Entitlements and/or application for Excess Rights Units (including by way of Electronic Application(s)) in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

**4. ILLUSTRATIVE EXAMPLES**

As an illustration, if an Eligible Unitholder has 1,000 Units standing to the credit of his Securities Account as at the Rights Issue Record Date, the Eligible Unitholder will be provisionally allotted 980 Rights Entitlements as set out in his ARE. The Eligible Unitholder’s alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

<b>Alternatives</b>	<b>Procedures to be taken</b>
(a) Accept in full his entire 980 Rights Entitlements and (if applicable) apply for Excess Rights Units.	<p data-bbox="699 1491 1407 1554"><b>By way of Electronic Application through an ATM of a Participating Bank</b></p> <p data-bbox="699 1594 1407 1832">(1) Accept in full his entire 980 Rights Entitlements and (if applicable) apply for Excess Rights Units by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than <b>9:30 p.m. on 16 February 2021</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or</p>



## Alternatives

## Procedures to be taken

### Through CDP

- (2) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance in full of his 980 Rights Entitlements and (if applicable) the number of Excess Rights Units applied for and forward the original signed ARE together with a single remittance for S\$196 (or, if applicable, such higher amount in respect of the total number of Rights Entitlements accepted and Excess Rights Units applied for) by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore, and made payable to "**CDP – FIRST REIT RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and (if applicable) application, by post, **AT HIS OWN RISK**, in the enclosed self-addressed envelope provided to **FIRST REIT MANAGEMENT LIMITED, AS MANAGER OF FIRST REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager), and with the name and Securities Account number of the Eligible Unitholder clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

**NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR DIFFERENT SECURITIES ACCOUNTS OR OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**



## Alternatives

- (b) Accept a portion of his Rights Entitlements, for example 100 of his 980 Rights Entitlements, not apply for Excess Rights Units and trade the balance on the SGX-ST

## Procedures to be taken

### By way of Electronic Application through an ATM of a Participating bank

- (1) Accept 100 of his 980 Rights Entitlements by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

### Through CDP

- (2) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance of 100 of his 980 Rights Entitlements, and forward the original signed ARE, together with a single remittance for S\$20 in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The balance of the 880 Rights Entitlements which are not accepted by the Eligible Unitholder may be traded on the SGX-ST during the Rights Entitlements trading period. **Eligible Unitholders should note that the Rights Entitlements will be tradable in the ready market, with each board lot comprising 100 Rights Entitlements or any other board lot sizes which SGX-ST may require. Eligible Unitholders who wish to trade in other lot sizes can do so on the SGX-ST's Unit Share Market during the Rights trading period.**

- (c) Accept a portion of his Rights Entitlements, for example 100 of his 980 Rights Entitlements, not apply for Excess Rights Units and reject the balance.

### By way of Electronic Application

- (1) Accept 100 of his 980 Rights Entitlements by way of an Electronic Application through an ATM of a Participating Bank as described herein not later than **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or

## Alternatives

## Procedures to be taken

### Through CDP

- (2) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance of 100 of his 980 Rights Entitlements, and forward the ARE, together with a single remittance for S\$20 in the prescribed manner described in alternative (a)(2) above, to CDP, so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The balance of his 880 Rights Entitlements which is not accepted by the Eligible Unitholder will automatically lapse and cease to be available for acceptance by that Eligible Unitholder if an acceptance is not made through an ATM of a Participating Bank by **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) or if an acceptance is not made through CDP by **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

## 5. MODE OF ACCEPTANCE AND APPLICATION (FOR BROKER-LINKED BALANCE)

### 5.1 Acceptance/Application through CDP

**The Eligible Unitholder should note that any Rights Entitlements accepted and, where applicable, any Excess Rights Units credited pursuant to applications for excess Rights Units made through an ARE in respect of a Broker-linked Balance shall be credited to the same Broker-linked Balance.**

If the Eligible Unitholder wishes to accept the Rights Entitlements in a Broker-linked Balance and (if applicable) apply for Excess Rights Units for his Broker-linked Balance through CDP, he must:

- (a) complete and sign the ARE in respect of the Rights Entitlements in the Broker-linked Balance. In particular, he must state in Part (C)(i) of the ARE the total number of Rights which he wishes to accept and (if applicable) the number of Excess Rights Units applied for, and in Part (C)(ii) of the ARE the 6 digits of the Cashier's Order or Banker's Draft; and
- (b) deliver the duly completed and original signed ARE accompanied by **A SINGLE REMITTANCE** for the full amount payable for the relevant number of Rights accepted and (if applicable) excess Rights Units applied for by post, **AT THE SENDER'S OWN RISK**, in the self-addressed envelope provided, to **FIRST REIT MANAGEMENT LIMITED, AS MANAGER OF FIRST REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147**, so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The payment for the relevant number of Rights Entitlements accepted and, where applicable Excess Rights Units applied for at the Issue Price must be made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP – FIRST REIT RIGHTS ISSUE ACCOUNT**" and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" with the name of the Eligible Unitholder and the relevant Broker-linked Balance Identification Number identifying the Broker-linked Balance the Cashier's Order or Banker's Draft is submitted for clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft.

**NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR: (A) DIFFERENT SECURITIES ACCOUNTS; OR (B) THE MAIN BALANCE AND ANY BROKER-LINKED BALANCE OF A SECURITIES ACCOUNT; OR (C) DIFFERENT BROKER-LINKED BALANCES OF A SECURITIES ACCOUNT, WILL BE ACCEPTED. NO OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

## **5.2 Acceptance/Application through the SGX-SFG Service (only for Member Companies making an application in respect of a Broker-linked Balance linked to the Member Company)**

Member Companies may accept the Rights Entitlements allotted in a Broker-linked Balance linked to the Member Company and, where applicable apply for Excess Rights Units for a Broker-linked Balance linked to the Member Company through the SGX-SFG service provided by CDP as listed in Schedule 3 of the Terms and Conditions for User Services for Depository Agents and Member Companies. CDP has been authorised by the Manager to receive acceptances and, where applicable, applications on its behalf. Such acceptances and, where applicable, applications will be deemed irrevocable and are subject to each of the terms and conditions contained in the ARE and this Offer Information Statement as if the ARE had been completed, signed and submitted to CDP.

## **5.3 Insufficient Payment**

If no remittance is attached or the remittance attached is less than the full amount payable for the Rights Entitlements accepted by the Eligible Unitholder and, where applicable, the Excess Rights Units applied for by the Eligible Unitholder, the attention of the Eligible Unitholder is drawn to paragraphs 1.3 above and 8.2 below which set out the circumstances and manner in which the Manager and CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Manager's behalf whether under the ARE, the ARS or any other application form for Rights Units in relation to the Rights Issue.

## **5.4 Acceptance of Part of Rights and Trading of Rights Entitlements**

An Eligible Unitholder may choose to accept his Rights Entitlements specified in the ARE in full or in part. If an Eligible Unitholder wishes to accept part of his Rights Entitlements and trade the balance of his Rights Entitlements on the SGX-ST, he should complete and sign the ARE for the number of Rights Entitlements which he wishes to accept and submit the duly completed and original signed ARE together with payment in the prescribed manner as described in paragraph 5.1 above to CDP.

The balance of his Rights Entitlements in a Broker-linked Balance may be sold as soon as dealings therein commence on the SGX-ST.

Eligible Unitholders who wish to trade all or part of their Rights Entitlements on the SGX-ST during the Rights Entitlement trading period should note that the Rights Entitlements will be tradable in board lots of 100 Rights Entitlements, or any other board lot size which the SGX-ST may require. Eligible Unitholders who wish to trade in lot sizes other than mentioned above may do so in the Unit Share Market of the SGX-ST during the Rights Entitlement trading period.

The ARE need not be forwarded to the Purchasers as arrangements will be made by CDP for a separate ARS to be issued to the Purchasers.

## **5.5 Trading of Rights Entitlements by Member Company**

A Member Company may trade all or part of the Rights Entitlements in a Broker-linked Balance linked to the Member Company as soon as dealings therein commence on the SGX-ST. CDP shall not be responsible for ascertaining, verifying or investigating, and has no duty to ascertain, verify or investigate any particulars relating to the sale of Rights Entitlements by the Member Company and whether the Eligible Unitholder has authorised sale of the Rights Entitlements by the Member Company.

## **5.6 Renunciation of Rights Entitlements**

Eligible Unitholders who wish to renounce in full or in part their Rights Entitlements in a Broker-linked Balance in favour of a third party should obtain the approval of the Member Company linked to the Broker-linked Balance for the transfer of such Rights Entitlements out of the Broker-linked Balance to the main balance of his Securities Account for such renunciation. An Eligible Unitholder may request for such approval either (1) through CDP Online if he has registered for CDP Internet Access Service; or (2) directly from the Member Company linked to the Broker-linked Balance. The Member Company should directly communicate its approval to CDP through the established communication channels between the Member Company and CDP, or initiate the transfer of such Rights Entitlements from the Broker-linked Balance to the main balance of the Eligible Unitholder's securities account.

Upon the transfer of the Rights Entitlements which the Eligible Unitholder wishes to renounce from the Broker-linked Balance to the main balance of the Eligible Unitholder's securities account, the Eligible Unitholder should complete the relevant transfer forms with CDP (including any accompanying documents as may be required by CDP) for the number of Rights Entitlements which they wish to renounce, and CDP shall only process the transfer forms for such renunciation only after such Rights Entitlements are credited to the main balance of the Eligible Unitholder's securities account. Renunciation shall be made in accordance with the "Terms and Conditions for Operations of Securities Accounts with CDP", as the same may be amended from time to time, copies of which are available from CDP. As CDP requires at least three (3) Market Days to effect such renunciation, Eligible Unitholders who wish to renounce their Rights Entitlements are advised to do so early to allow sufficient time for CDP to send the ARS and other accompanying documents, for and on behalf of the Manager, to the renounee by ordinary post and **AT HIS OWN RISK**, to his Singapore address as maintained in the records of CDP and for the renounee to accept his Rights Units. The last date and time for acceptance of the Rights Entitlements and payment for the Rights Units by the renounee is **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through CDP) or **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through an ATM of a Participating Bank).

## **5.7 Transfers of Rights Entitlements from a Broker-linked Balance of the Eligible Unitholder's Securities Account**

Eligible Unitholders who wish to transfer their Rights Entitlements in a Broker-linked Balance to the main balance or another Broker-linked Balance of the Eligible Unitholder's Securities Account should obtain the approval of the Member Company linked to the originating Broker-linked Balance for the transfer of such Rights Entitlements out of the Broker-linked Balance. An Eligible Unitholder may request for such approval either (1) through CDP Online if he has registered for CDP Internet Access Service; or (2) directly from the Member Company linked to the originating Broker-linked Balance (for transfer to the main balance of the Eligible Unitholder's Securities Account only). The Member Company should directly communicate its approval to CDP through the established communication channels between the Member Company and CDP, or initiate the transfer of such Rights Entitlements from the Broker-linked Balance to the main balance of the Eligible Unitholder's securities account.

Upon the transfer of the Rights Entitlements to the main balance or another Broker-linked Balance of the Securities Account, arrangements will be made by CDP for a separate ARS to be issued to the Eligible Unitholder in respect of the Rights Entitlements transferred to the main balance or another Broker-linked Balance of his Securities Account. As the Member Company may take up to the next Market Day to communicate its approval and effect the transfer, an Eligible Unitholder who wishes to transfer his Rights Entitlements from a Broker-linked Balance of his Securities Account is advised to do so early to allow sufficient time for CDP to send the ARS and other accompanying documents, for and on behalf of the Trustee-Manager, to the Eligible Unitholder by ordinary post and **AT HIS OWN RISK**, to his Singapore address as maintained in the records of CDP and for the Eligible Unitholder to accept his Rights Entitlements. The last date and time for acceptance of the Rights and payment for the Rights Units by the Eligible Unitholder is **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) (if acceptance is made through CDP). Alternatively, the Eligible Unitholder may accept and subscribe for Rights Entitlements in the main balance of his Securities Account by way of Electronic Applications in the prescribed manner as described in paragraph 2.1 above. Eligible Unitholders who do not receive the ARS, accompanied by this Offer Information Statement and other accompanying documents, may obtain the same from CDP, for the period up to **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Member Company).

**An Eligible Unitholder who wishes to transfer his Rights Entitlements which were provisionally allotted to a Broker-linked Balance of his Securities Account should note that he will not be entitled to apply for Excess Rights Units in connection with his acceptance of such Rights Entitlements which have been transferred out of the originating Broker-linked Balance.**

## **6. ACCEPTANCES AND APPLICATIONS BY BOTH AN ELIGIBLE UNITHOLDER AND THE MEMBER COMPANY LINKED TO THE BROKER-LINKED BALANCE**

In the event that the Eligible Unitholder or the Purchaser accepts his Rights Entitlements in a Broker-linked Balance by way of the ARE and/or the ARS and/or has applied for Excess Rights Units by way of the ARE, and the Member Company linked to such Broker-linked Balance also accepts any Rights Entitlements in the Broker-linked Balance and/or applies for Excess Rights Units in respect of the Broker-linked Balance, the Manager and/or CDP shall be authorised and entitled to accept his and his Member Company's instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the

Eligible Unitholder or the Purchaser and the Member Company shall be regarded as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE, the ARS and (if applicable) any other acceptance of Rights Entitlements allotted to him and/or application for Excess Rights Units whether made by him or the Member Company linked to the Broker-linked Balance in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

## 7. ILLUSTRATIVE EXAMPLES FOR RIGHTS ENTITLEMENTS PROVISIONALLY ALLOTTED TO A BROKER-LINKED BALANCE

As an illustration, if an Eligible Unitholder has 1,000 Units standing to the credit of a Broker-linked Balance of his Securities Account as at the Rights Issue Record Date, the Eligible Unitholder will be provisionally allotted 980 Rights Entitlements his Broker-linked Balance as set out in his ARE. The Eligible Unitholder's alternative courses of action, and the necessary procedures to be taken under each course of action, are summarised below:

### Alternatives

### Procedures to be taken

- |   |  |
|---|--|
| (a) Accept his entire 980 Rights Entitlements in the Broker-linked Balance and (if applicable) apply for Excess Rights Units for the Broker-linked Balance. | (1) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance in full of his 980 Rights Entitlements in the Broker-linked Balance and (if applicable) the number of Excess Rights Units applied for the Broker-linked Balance and forward the original signed ARE together with a single remittance for S\$196 (or, if applicable, such higher amount in respect of the total number of Rights Entitlements accepted and Excess Rights Units applied for) by way of a Cashier's Order or Banker's Draft drawn in Singapore currency on a bank in Singapore, and made payable to " <b>CDP – FIRST REIT RIGHTS ISSUE ACCOUNT</b> " and crossed " <b>NOT NEGOTIABLE, A/C PAYEE ONLY</b> " for the full amount due on acceptance and (if applicable) application by post, <b>AT HIS OWN RISK</b> , in the self-addressed envelope provided to <b>FIRST REIT MANAGEMENT LIMITED, AS MANAGER OF FIRST REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147</b> , so as to arrive not later than <b>5:00 p.m. on 16 February 2021</b> (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) and with the name of the Eligible Unitholder and the relevant Broker-linked Balance Identification Number identifying the Broker-linked Balance, clearly written in block letters on the reverse side of the Cashier's Order or Banker's Draft. |
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## Alternatives

## Procedures to be taken

**NO COMBINED CASHIER'S ORDER OR BANKER'S DRAFT FOR: (A) DIFFERENT SECURITIES ACCOUNTS; OR (B) THE MAIN BALANCE AND ANY BROKER-LINKED BALANCE OF A SECURITIES ACCOUNT; OR (C) DIFFERENT BROKER-LINKED BALANCES OF A SECURITIES ACCOUNT, WILL BE ACCEPTED. NO OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL BE ACCEPTED.**

- (b) Accept a portion of his Rights Entitlements in the Broker-linked Balance, for example 100 Rights Entitlements, not apply for Excess Rights Units and trade the balance on the SGX-ST.
- (1) Complete and sign the ARE in accordance with the instructions contained therein for the acceptance of his 100 Rights Entitlements in the Broker-linked Balance, and forward the original signed ARE, together with a single remittance for S\$20, in the prescribed manner described in alternative (a)(1) above, to CDP, so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The balance of the 880 Rights Entitlements which is not accepted by the Eligible Unitholder may be traded on the SGX-ST during the Rights Entitlements trading period. **Eligible Unitholders should note that the Rights Entitlements will be tradable in the ready market, each board lot comprising provisional allotments size of 100 Rights Units or any other board lot size which SGX-ST may require. Eligible Unitholders who wish to trade in other lot sizes can do so on the SGX-ST's Unit Share Market during the Rights trading period.**

- (c) Accept a portion of his provisionally allotted Rights Entitlements, for example 100 Rights Entitlements, and reject the balance.
- (1) Complete and sign the ARE in accordance with the instructions contained herein for the acceptance of 100 Rights Entitlements in the Broker-linked Balance and forward the original signed ARE, together with a single remittance for S\$20, in the prescribed manner described in alternative (a)(1) above to CDP so as to arrive not later than **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).

The balance of the 880 Rights Entitlement which is not accepted by the Eligible Unitholder will automatically lapse and cease to be available for acceptance by that Eligible Unitholder if an acceptance is not made through CDP by **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager).



## 8. TIMING AND OTHER IMPORTANT INFORMATION

### 8.1 Timing

**THE LAST TIME AND DATE FOR ACCEPTANCE OF RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT FOR THE RIGHTS UNITS IN RELATION TO THE RIGHTS ISSUE IS:**

- (A) 9:30 P.M. ON 16 FEBRUARY 2021 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE MANAGER) IF AN ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) AN APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT IS MADE THROUGH AN ATM OF A PARTICIPATING BANK; OR**
- (B) 5:00 P.M. ON 16 FEBRUARY 2021 (OR SUCH OTHER TIME(S) AND/OR DATE(S) AS MAY BE ANNOUNCED FROM TIME TO TIME BY OR ON BEHALF OF THE MANAGER) IF AN ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) AN APPLICATION FOR EXCESS RIGHTS UNITS AND PAYMENT IS MADE THROUGH CDP OR SGX-SFG SERVICE.**

If acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units and payment in the prescribed manner as set out in this Offer Information Statement, the ARE and the ARS (as the case may be) is not received through an ATM of the Participating Banks by **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) or through CDP by **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager) from any Eligible Unitholder or Purchaser or Member Company (in respect of a Broker-linked Balance), the Rights Entitlements shall be deemed to have been declined and shall forthwith lapse and become void, and such Rights Entitlements not so accepted will be used to satisfy applications for Excess Rights Units, if any, or be otherwise dealt with in such manner as the Manager may, in its absolute discretion, deem fit, in the interests of First REIT. All monies received subsequent to the dates and times specified above will be returned by CDP for and on behalf of the Manager to the Eligible Unitholders or the Purchasers, as the case may be, without interest or any share of revenue or other benefit arising therefrom, by crediting their designated bank accounts via CDP's Direct Crediting Service **AT THE ELIGIBLE UNITHOLDER'S OR PURCHASER'S OWN RISK (AS THE CASE MAY BE)**. In the event that he is not subscribed to CDP's Direct Crediting Service, any monies to be returned or refunded will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (such retention by CDP being a good discharge of the Manager's obligations).

**IF ANY ELIGIBLE UNITHOLDER OR PURCHASER (AS THE CASE MAY BE) IS IN ANY DOUBT AS TO THE ACTION HE SHOULD TAKE, HE SHOULD CONSULT HIS STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**

### 8.2 Appropriation

Without prejudice to paragraph 1.3 of this **Appendix B** of this Offer Information Statement, an Eligible Unitholder should note that:

- (a) by accepting his Rights Entitlements and (if applicable) applying for Excess Rights Units, he acknowledges that, in the case where the amount of remittance payable to the Manager in respect of his acceptance of the Rights Entitlements and (if applicable)

in respect of his application for Excess Rights Units as per the instructions received by CDP whether under the ARE, the ARS and/or in any other application form for Rights Units in relation to the Rights Issue differs from the amount actually received by CDP, the Manager and CDP shall be authorised and entitled to determine and appropriate all amounts received by CDP on the Manager's behalf for each application on its own whether under the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue as follows: firstly, towards payment of all amounts payable in respect of his acceptance of the Rights Entitlements; and secondly, (if applicable) towards payment of all amounts payable in respect of his application for Excess Rights Units. The determination and appropriation by the Manager and CDP shall be conclusive and binding;

- (b) if he has attached a remittance to the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue made through CDP, he would have irrevocably authorised the Manager and CDP, in applying the amounts payable for his acceptance of the Rights Entitlements and (if applicable) his application for Excess Rights Units, to apply the amount of the remittance which is attached to the ARE, the ARS and/or any other application form for Rights Units in relation to the Rights Issue made through CDP; and
- (c) in the event that the Eligible Unitholder accepts the Rights Entitlements by way of the ARE and/or the ARS and/or has applied for Excess Rights Units by way of the ARE and also by way of an Electronic Application, the Manager and/or CDP shall be authorised and entitled to accept his instructions in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit. Without prejudice to the generality of the foregoing, in such a case, the Eligible Unitholder shall be deemed as having irrevocably authorised the Manager and/or CDP to apply all amounts received whether under the ARE, the ARS and/or any other acceptance and/or application for Rights Units (including an Electronic Application) which he has authorised or deemed to have authorised to apply towards the payment for acceptance of the Rights Units and/or application for Excess Rights Units in whichever mode or combination as the Manager and/or CDP may, in their/its absolute discretion, deem fit.

### **8.3 Availability of Excess Rights Units**

The Excess Rights Units available for application are subject to the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Trust Deed. Applications for Excess Rights Units will, at the Directors' absolute discretion, be satisfied from such Rights Units as are not validly taken up by the Eligible Unitholders, the original allottee(s) or their respective renouncee(s) or the Purchaser(s) of the Rights Entitlements together with the aggregated fractional entitlements to the Rights Units, any unsold Rights Entitlements (if any) of Ineligible Unitholders and any Rights Units that are otherwise not allotted for whatever reason in accordance with the terms and conditions contained in the ARE, this Offer Information Statement and (if applicable) the Trust Deed. In the event that applications are received by the Manager for more Excess Rights Units than are available, the Excess Rights Units available will be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of First REIT. **CDP TAKES NO RESPONSIBILITY FOR ANY DECISION THAT THE DIRECTORS MAY MAKE.** Subject to the requirements of or otherwise waived by SGX-ST, in the allotment of Excess Rights Units, preference will be given to the rounding of odd lots. Each of OUE, OUELH, FRML, other Substantial Unitholders who have control or influence over First REIT or the Manager in connection with the day-to-day affairs of First REIT or the Manager or the terms of the Rights Issue, or have representation (direct or through a nominee) on the Board and Directors will rank last in priority for the rounding of odd lots and allotment of Excess Rights Units. The Manager reserves the right to refuse any application for Excess Rights Units, in

whole or in part, without assigning any reason whatsoever. In the event that the number of Excess Rights Units allotted to an Eligible Unitholder is less than the number of Excess Rights Units applied for, the Eligible Unitholder shall be deemed to have accepted the number of Excess Rights Units actually allotted to him.

If no Excess Rights Units are allotted or if the number of Excess Rights Units allotted is less than that applied for, the amount paid on application or the surplus application monies, as the case may be, will be refunded to such Eligible Unitholders or Member Companies (in respect of applications for Rights Units made by Member Companies for Broker-linked Balances), without interest or any share of revenue or other benefit arising therefrom, within three business days after commencement of trading of the Rights Units, by crediting their bank accounts with the relevant Participating Bank **AT THEIR OWN RISK** (if they had applied for Excess Rights Units by way of an Electronic Application through an ATM of a Participating Bank), the receipt by such bank being a good discharge to the Manager and CDP of their obligations, if any, thereunder, or by crediting their designated bank accounts via CDP's Direct Crediting Service **AT THEIR OWN RISK** (if they had applied for Excess Rights Units through CDP). In the event that an Eligible Unitholder (who had applied for Excess Rights Units through CDP) is not subscribed to CDP's Direct Crediting Service, any monies to be refunded will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (the retention by CDP being a good discharge of the Manager's obligations).

#### 8.4 Deadlines

It should be particularly noted that unless:

- (a) acceptance of Rights Entitlements is made by the Eligible Unitholders or the Purchasers (as the case may be) by way of an Electronic Application through an ATM of a Participating Bank and payment of the full amount payable for such Rights Units is effected by **9:30 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or
- (b) the duly completed and original signed ARE or ARS accompanied by a single remittance for the full amount payable for the relevant number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for at the Issue Price, made in Singapore currency in the form of a Cashier's Order or Banker's Draft drawn on a bank in Singapore and made payable to "**CDP – FIRST REIT RIGHTS ISSUE ACCOUNT**" for the Rights Entitlements and crossed "**NOT NEGOTIABLE, A/C PAYEE ONLY**" for the full amount due on acceptance and/or application and with the names and Securities Account numbers of the Eligible Unitholders or the Purchasers (as the case may be) clearly written in block letters on the reverse side of the Cashier's order or Banker's Draft is submitted by post in the self-addressed envelope provided, **AT THE SENDER'S OWN RISK**, to **FIRST REIT MANAGEMENT LIMITED, AS MANAGER OF FIRST REIT, C/O THE CENTRAL DEPOSITORY (PTE) LIMITED, ROBINSON ROAD POST OFFICE, P.O. BOX 1597, SINGAPORE 903147** by **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager); or
- (c) acceptance is made by a Depository Agent or a Member Company in respect of a Broker-linked Balance linked to the Member Company via the SGX-SFG Service and payment (where applicable) in Singapore currency by way of telegraphic transfer by the Depository Agent for the Rights Units is effected by **5:00 p.m. on 16 February 2021** (or such other time(s) and/or date(s) as may be announced from time to time by or on behalf of the Manager),

the Rights Entitlements will be deemed to have been declined and shall forthwith lapse and become void and cease to be capable of acceptance.

All unsuccessful application moneys received in connection therewith will be returned to the Eligible Unitholders or the Purchasers or the Member Company (as the case may be) without interest or any share of revenue or other benefit arising therefrom by crediting their designated bank accounts via CDP's Direct Crediting Service where acceptance and/or application is made through CDP or by means of telegraphic transfer where refunds are to be made to a Depository Agent or Member Company and at **ELIGIBLE UNITHOLDERS' OR PURCHASERS' OR DEPOSITORY AGENT'S OR MEMBER COMPANY'S OWN RISK (AS THE CASE MAY BE)**. In the event that the Eligible Unitholder or Purchaser is not subscribed to CDP's Direct Crediting Service, any monies to be returned or refunded will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (such retention by CDP being a good discharge of the Manager's obligations).

**ACCEPTANCES AND/OR APPLICATIONS ACCOMPANIED BY ANY OTHER FORMS OF PAYMENT (INCLUDING THE USE OF A PERSONAL CHEQUE, POSTAL ORDER OR MONEY ORDER ISSUED BY A POST OFFICE IN SINGAPORE) WILL NOT BE ACCEPTED.**

#### **8.5 Confirmation Note**

A confirmation note confirming the date of issue and the number of Rights Units issued will be issued by the Manager or the agent appointed by the Manager to CDP. Upon crediting of the Rights Units and Excess Rights Units, CDP will send to Eligible Unitholders and/or Purchasers, **BY ORDINARY POST AND AT THEIR OWN RISK**, notification letters showing the number of Rights Units and Excess Rights Units credited to their Securities Accounts.

#### **8.6 General**

For reasons of confidentiality, CDP will not entertain telephone enquiries relating to the number of Rights Units or Rights Entitlements provisionally allotted and credited to your Securities Account save for in the manner set out below. You can verify the number of Rights Units or Rights Entitlements provisionally allotted and credited to your Securities Account online if you have registered for the CDP Internet Service, or through the CDP Phone Self Help Service (please call +65 6535 7511 and select option 2 to check securities balance). You will be prompted to enter your securities account number and the SMS OTP sent to your registered number. In line with government directives to reduce the community spread of Covid-19, the CDP Customer Service Centre will be temporarily closed from 18 April 2020 until further notice.

It is the responsibility of an Eligible Unitholder and/or Purchaser to ensure that the ARE and/or ARS is accurately completed in all respects and signed. The Manager and/or CDP will be authorised and entitled to reject any acceptance and/or application which does not comply with the terms and instructions contained herein and in the ARE and/or ARS, or which is otherwise incomplete, incorrect, unsigned, signed but not in its originality or invalid in any respect. Any decision to reject the ARE and/or ARS on the grounds that it has been signed but not in its originality, incompletely, incorrectly or invalidly signed, completed or submitted will be final and binding, and neither CDP nor the Manager accepts any responsibility or liability for the consequences of such a decision.

**EXCEPT AS SPECIFICALLY PROVIDED FOR IN THIS OFFER INFORMATION STATEMENT, ACCEPTANCE OF THE RIGHTS ENTITLEMENTS AND (IF APPLICABLE) APPLICATION FOR EXCESS RIGHTS UNITS IS IRREVOCABLE.**

No acknowledgement will be given for any submissions sent by post or deposited into boxes located at CDP's premises.

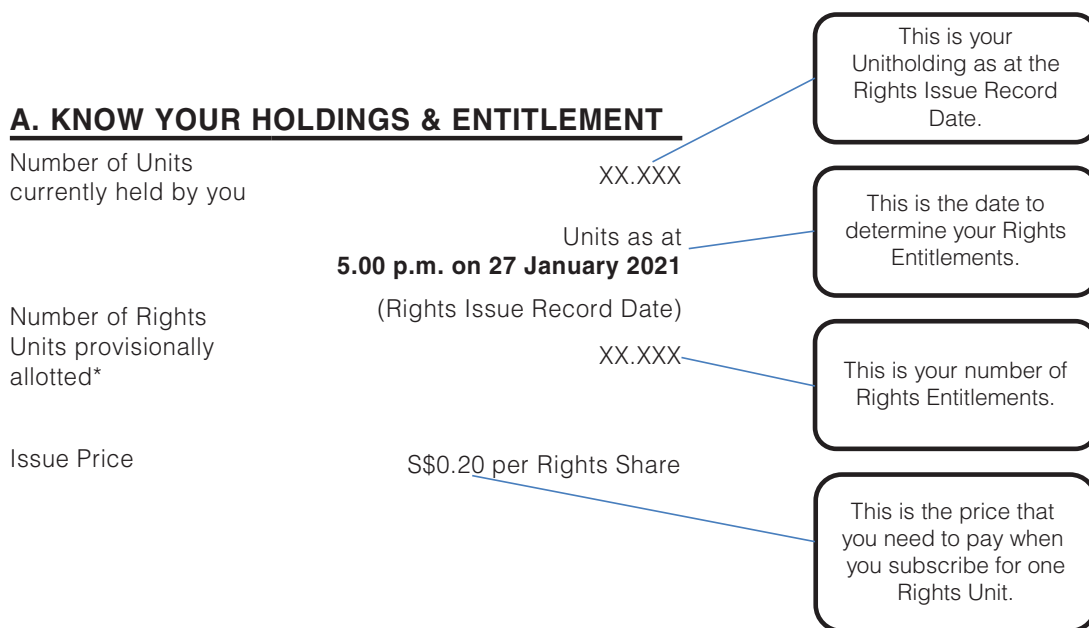
All communications, notices, documents and remittances to be delivered or sent to an Eligible Unitholder and/or Purchaser will be sent by **ORDINARY POST** to his mailing address as maintained in the records of CDP, **AT HIS OWN RISK**.

## 8.7 Personal Data Privacy

By completing and delivering an ARE or an ARS and in the case of an Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, an Eligible Unitholder or a Purchaser (i) consents to the collection, use and disclosure of his personal data by the Participating Banks, the Unit Registrar, Securities Clearing and Computer Services (Pte) Ltd, CDP, the SGX-ST, the Manager and the Sole Lead Manager (the "**Relevant Persons**") for the purpose of facilitating his application for the Rights Units, and in order for the Relevant Persons to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where he discloses the personal data of another person, such disclosure is in compliance with applicable law; and (iii) agrees that he will indemnify the Relevant Persons in respect of any penalties, liabilities, claims, demands, losses and damages as a result of his breach of warranty.

## PROCEDURE TO COMPLETE THE ARE/ARS

### 1. Know your holdings and entitlement



## 2. Select your application options

### **B. SELECT YOUR APPLICATION OPTIONS**

- 1. ATM** Follow the procedures set out on the ATM screen of a Participating Bank. **Submit your application by 9.30 p.m. on 16 February 2021.** Participating Banks are DBS BANK LTD. (including POSB), OVERSEA-CHINESE BANKING CORPORATION LIMITED and UNITED OVERSEAS BANK LIMITED.
- 2. FORM** Complete section C below and submit this form to GDP by **5.00 p.m. on 16 February 2021**
- (i) Only BANKER'S DRAFT/CASHIER'S ORDER payable to "**CDP-FIRST REIT RIGHTS ISSUE ACCOUNT**" will be accepted.
  - (ii) Applications using a **PERSONAL CHEQUE, POSTAL ORDER** or **MONEY ORDER** will be rejected.
  - (iii) Write your name and securities account number on the back of the Banker's Draft/Cashier's Order.

This is the last date and time to subscribe for the Rights Units through ATM and CDP.

You can apply for your Rights Units through ATMs of these participating banks.

This is the payee name to be issued on your Cashier's Order where First REIT is the name of the issuer.

**Note:** Please refer to the ARE/ARS for the actual holdings, entitlements, Record Date, Issue Price, Closing Date for subscription, list of participating ATM banks and payee name on the Cashier's Order or Banker's Draft.

## 3. Declaration

### **C. DECLARATION**

Please read the instructions overleaf and fill in the blanks below accordingly.

**i. Total Number of Rights Units Applied:**  
(Provisionally Allotted Rights Units + Excess Rights Units)

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**ii. Cashier's Order/Banker's Draft Details:**  
(Input 6 digits of CO/BD)

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For guidance on completing this form, please refer to Appendix B of the Offer Information Statement (Procedure to complete the ARE/ARS).

Fill in the total number of the Rights Units and Excess Rights Units (for ARE)/ number of Rights Units (for ARS) that you wish to subscribe within the boxes.

Fill in the 6 digits of the CO/BD number (eg. 001764) within the boxes.

Signature of Eligible Unitholder(s)

Date

Sign within the box.

#### **Notes:**

- (i) If the total number of Rights Units applied exceeds the provisional allotted holdings in your CDP Securities Account as at Closing Date, the remaining application will be put under excess and subjected to the excess allocation basis.
- (ii) The total number of Rights Units applied will be based on cash amount stated in your Cashier's Order/Banker's Draft. The total number of Rights Units will be appropriated accordingly if the applied quantity exceeds this amount.
- (iii) Please note to submit one Cashier's Order per application form.

4. Sample of a Cashier's Order

**CASHIER'S ORDER**

DATE DD / MM / YY

PAY CDP - █████ RIGHTS ISSUE ACCOUNT

SINGAPORE DOLLARS **\*\*SEVEN THOUSAND SIX HUNDRED ONLY\*\***

OR ORDER S\$ 7,600.00

BANK REF. : 0105085000052 S1

VALID FOR SIX MONTHS ONLY FROM DATE OF ISSUE

⑆ 00 1 76 4 ⑈ 7 1 7 1 ⑈ 105 ⑆ 105099999 7 ⑈



## **ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS THROUGH AN ATM OF A PARTICIPATING BANK**

The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (the “**Electronic Application Steps**”). Please read carefully the terms and conditions set out in this Offer Information Statement, the Electronic Application Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. An ATM card issued by one Participating Bank cannot be used to accept Rights Entitlements and (if applicable) apply for Excess Rights Units at an ATM belonging to other Participating Banks. Any Electronic Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Application is made will be rejected.

**All references to “Rights Issue” and “Rights Application” on the ATM screens of the Participating Banks shall mean the offer of Rights Units under the Rights Issue and the acceptance of Rights Entitlements and (if applicable) the application for Excess Rights Units, respectively. All references to “Document” on the ATM screens of the Participating Banks shall mean this Offer Information Statement.**

Any reference to the “Applicant” in the terms and conditions for Electronic Applications and the Electronic Application Steps shall mean the Eligible Unitholder or the Purchaser who accepts his Rights Entitlements and (if applicable) applies for Excess Rights Units through an ATM of a Participating Bank. An Applicant must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before he can make an Electronic Application at the ATM of that Participating Bank. The actions that the Applicant must take at ATMs of the Participating Banks are set out on the ATM screens of the relevant Participating Banks. Upon the completion of his Electronic Application transaction, the Applicant will receive an ATM transaction record (the “**Transaction Record**”), confirming the details of his Electronic Application. The Transaction Record is for retention by the Applicant and should not be submitted with any ARE and/or ARS.

**An Applicant, including one who has a joint bank account with a Participating Bank, must ensure that he enters his own Securities Account number when using the ATM card issued to him in his own name. Using his own Securities Account number with an ATM card which is not issued to him in his own name will render his acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units liable to be rejected.**

**Eligible Unitholders who have subscribed for or purchased Units under the CPFIS and/or the SRS or through a finance company and/or Depository Agent can only accept their Rights Entitlements and (if applicable) apply for Excess Rights Units by instructing the respective approved banks in which they hold their CPFIS accounts and/or SRS Accounts, finance company and/or Depository Agent to do so on their behalf. ANY APPLICATION MADE BY THE ABOVEMENTIONED ELIGIBLE UNITHOLDERS DIRECTLY THROUGH CDP OR THROUGH ATMS WILL BE REJECTED. Such Eligible Unitholders who have insufficient funds in their CPF Investment Accounts or SRS Accounts may deposit cash into their CPF Investment Accounts or SRS Accounts with their approved banks before instructing their respective approved banks to accept their Rights Entitlements and (if applicable) apply for Excess Rights Units. CPF Funds may not, however, be used for the purchase of the Rights Entitlements directly from the market.**

**Such Eligible Unitholders, where applicable, will receive notification letter(s) from their respective approved bank, finance company and/or Depository Agent and should refer to such notification letter(s) for details of the last date and time to submit applications to their respective approved bank, finance company and/or Depository Agent.**

The Electronic Applications shall be made on, and subject to, the terms and conditions of this Offer Information Statement including, but not limited to, the terms and conditions appearing below:

- (1) In connection with his Electronic Application, the Applicant is required to confirm statements to the following effect in the course of activating the ATM for his Electronic Application:
  - (a) that he has received a copy of this Offer Information Statement and has read, understood and agreed to all the terms and conditions of acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units under the Rights Issue prior to effecting the Electronic Application and agrees to be bound by the same; and
  - (b) that he authorises CDP to give, provide, divulge, disclose or reveal information pertaining to his Securities Account maintained in CDP's record, including, without limitation, his name(s), his NRIC number(s) or passport number(s), Securities Account number(s), address(es), the number of Units standing to the credit of his Securities Account, the number of Rights Entitlements allotted to him, his acceptance and (if applicable) application for Excess Rights Units and any other information (the "**Relevant Particulars**") to the Manager and any other relevant parties (the "**Relevant Parties**") as CDP may deem fit for the purpose of the Rights Issue and his acceptance and (if applicable) application.

His acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units will not be successfully completed and cannot be recorded as a complete transaction in the ATM unless he presses the "Enter" or "OK" or "Confirm" or "Yes" key. By doing so, the Applicant shall be treated as signifying his confirmation of each of the two statements above. In respect of statement 1(b) above, his confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key, shall signify and shall be treated as his written permission, given in accordance with the relevant laws of Singapore including Section 47(2) and the Third Schedule of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars to the Relevant Parties.

- (2) An Applicant may make an Electronic Application at an ATM of any Participating Bank for the Rights Entitlements and (if applicable) Excess Rights Units using cash only by authorising such Participating Bank to deduct the full amount payable from his account with such Participating Bank.
- (3) The Applicant irrevocably agrees and undertakes to subscribe for and accept up to the aggregate of the number of Rights Entitlements allotted and Excess Rights Units applied for as stated on the Transaction Record or the number of Rights Units standing to the credit of the "Free Balance" of his Securities Account as at the Closing Date. In the event that the Manager decides to allot any lesser number of Excess Rights Units or not to allot any number of Excess Rights Units to the Applicant, the Applicant agrees to accept the decision as final and binding.
- (4) If the Applicant's Electronic Application is successful, his confirmation (by his action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key on the ATM) of the number of Rights Entitlements accepted and (if applicable) Excess Rights Units applied for shall signify and shall be treated as his acceptance of the number of Rights Units that may be allotted to him and (if applicable) his application for Excess Rights Units.

- (5) In the event that the Applicant accepts the Rights Entitlements both by way of the ARE and/or the ARS (as the case may be) through CDP and/or by way of Electronic Application through the ATM of a Participating Bank, the Manager and/or CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Rights Entitlements which the Applicant has validly given instructions to accept, the Applicant shall be deemed to have irrevocably given instructions to accept the lesser of the number of Rights Entitlements which are standing to the credit of the "Free Balance" of his Securities Account as at the Closing Date, and the aggregate number of Rights Entitlements which have been accepted by the Applicant by way of the ARE and/or the ARS (as the case may be) and by Electronic Application through an ATM of a Participating Bank, and the Manager and/or CDP, in determining the number of Rights Entitlements which the Applicant has validly given instructions to accept, shall be authorised and entitled to have regard to the aggregate amount of payment received for the acceptance of Rights Entitlements, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE and/or the ARS or by way of the acceptance through the Electronic Application through the ATM of a Participating Bank, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's application.
- (6) If applicable, in the event that the Applicant applies for Excess Rights Units both by way of ARE through CDP and by Electronic Application through the ATM of a Participating Bank, the Manager and/or CDP shall be authorised and entitled to accept the Applicant's instructions in whichever mode or a combination thereof as it may, in its absolute discretion, deem fit. In determining the number of Excess Rights Units which the Applicant has validly given instructions for the application of, the Applicant shall be deemed to have irrevocably given instructions to apply for and agreed to accept such number of Excess Rights Units not exceeding the aggregate number of Excess Rights Units for which he has applied by way of Electronic Application through the ATM of a Participating Bank and by way of ARE through CDP. The Manager and/or CDP, in determining the number of Excess Rights Units which the Applicant has given valid instructions for the application, shall be authorised and entitled to have regard to the aggregate amount of payment received for the application of Excess Rights Units, whether by way of Cashier's Order or Banker's Draft drawn on a bank in Singapore accompanying the ARE or by way of Electronic Application through an ATM of a Participating Bank, which the Applicant has authorised or deemed to have authorised to be applied towards the payment in respect of the Applicant's application.
- (7) The Applicant irrevocably requests and authorises the Manager to:
- (a) register, or procure the registration of the Rights Units allotted to the Applicant in the name of CDP for deposit into his Securities Account; and
  - (b) return or refund (without interest or any share of revenue or other benefit arising therefrom) the full amount or, as the case may be, the balance of the acceptance and/or application monies, should his Electronic Application in respect of the Rights Entitlements accepted and (if applicable) Excess Rights Units applied for, as the case may be, not be accepted or, as the case may be, be accepted in part only by or on behalf of the Manager for any reason, by automatically crediting the Applicant's bank account with the relevant Participating Bank with the relevant amount within three business days after commencement of trading of the Rights Units.
- (8) **BY MAKING AN ELECTRONIC APPLICATION, THE APPLICANT CONFIRMS THAT HE IS NOT ACCEPTING THE RIGHTS ENTITLEMENTS OR APPLYING FOR EXCESS RIGHTS UNITS AS A NOMINEE OF ANY OTHER PERSON.**

- (9) The Applicant irrevocably agrees and acknowledges that his Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God, mistakes, losses and theft (in each case whether or not within the control of CDP, the Participating Banks, the Sole Lead Manager and/or the Manager) and any events whatsoever beyond the control of CDP, the Participating Banks, the Sole Lead Manager and/or the Manager and if, in any such event, CDP, the Participating Banks, the Sole Lead Manager and/or the Manager do not record or receive the Applicant's Electronic Application by **9:30 p.m. on 16 February 2021**, or such data or the tape containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, the Applicant shall be deemed not to have made an Electronic Application and the Applicant shall have no claim whatsoever against CDP, the Participating Banks, the Sole Lead Manager and/or the Manager for any purported acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units, or for any compensation, loss or damage in connection therewith or in relation thereto.
- (10) Electronic Applications may only be made at the ATMs of the Participating Banks from Mondays to Saturdays (excluding public holidays) between **7:00 a.m. and 9:30 p.m.** This service will not be available on Sundays.

Electronic Applications shall close at **9:30 p.m. on 16 February 2021** or such other time(s) and/or date(s) as the Manager (in consultation with the Sole Lead Manager) may, in its absolute discretion, deem fit in the interests of First REIT.

- (11) All particulars of the Applicant in the records of the relevant Participating Bank at the time he makes his Electronic Application shall be deemed to be true and correct and the relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in the particulars of the Applicant after the time of the making of his Electronic Application, the Applicant shall promptly notify the relevant Participating Bank.
- (12) The Applicant must have sufficient funds in his bank account(s) with the relevant Participating Bank at the time he makes his Electronic Application, failing which his Electronic Application will not be completed. Any Electronic Application made at the ATMs of Participating Banks which does not strictly conform to the instructions set out on the ATM screens of such Participating Banks will be rejected.
- (13) Where an Electronic Application is not accepted, it is expected that the full amount of the acceptance and/or application monies will be refunded in Singapore Dollars (without interest or any share of revenue or other benefit arising therefrom) to the Applicant by being automatically credited to the Applicant's account with the relevant Participating Bank within three business days after the commencement of trading of the Rights Units. An Electronic Application may also be accepted in part, in which case the balance amount of acceptance and/or application monies will be refunded on the same terms.
- (14) In consideration of the Manager arranging for the Electronic Application facility through the ATMs of the Participating Banks and agreeing to close the Rights Issue at **9:30 p.m. on 16 February 2021** or such other time or date as the Manager may (in consultation with the Sole Lead Manager), in its absolute discretion, decide, and by making and completing an Electronic Application, the Applicant agrees that:
- (a) his Electronic Application is irrevocable (whether or not, to the extent permitted by law, any supplementary document or replacement document is lodged with the Authority);

- (b) he represents and warrants that he is not located within the United States (within the meaning of Regulation S) and is acquiring the Rights Units in an offshore transaction (within the meaning of Regulation S);
- (c) he represents, warrants and undertakes that he can subscribe for the Rights Units in accordance with all applicable laws and regulations;
- (d) his Electronic Application, the acceptance thereof by the relevant Participating Bank and the Manager and the contract resulting therefrom shall be governed by and construed in accordance with the laws of Singapore and for the benefit of CDP, the Manager, the Trustee, the Sole Lead Manager, the other Relevant Persons, the Participating Banks and the Unit Registrar, and he irrevocably submits to the exclusive jurisdiction of the Singapore courts. Notwithstanding the foregoing, CDP, the Manager, the Trustee, the Sole Lead Manager, the other Relevant Persons (as defined below), the Participating Banks and the Unit Registrar shall retain the right to bring proceedings against him in any other court of competent jurisdiction or concurrently in more than one jurisdiction;
- (e) none of the Manager, the Trustee, the Sole Lead Manager, CDP, the Unit Registrar or the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to his Electronic Application to the Manager or CDP due to a breakdown or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective control;
- (f) any interest, share of revenue or other benefit accruing on or arising from in connection with any acceptance and (if applicable) application monies shall be for the benefit of the Manager and none of the Manager, First REIT, the Trustee, the Sole Lead Manager, CDP, the other Relevant Persons nor any other persons involved in the Rights Issue shall be under any obligations to account for such interest, share of revenue or other benefit to him or any other person;
- (g) in accepting his Rights Entitlements, reliance is placed solely on the information contained in this Offer Information Statement and that none of CDP, First REIT, the Manager, the Trustee, the Sole Lead Manager or any other person involved in the Rights Issue shall have any liability for any information not so contained, except for any liability which cannot by law be excluded; he has not relied on any information, representation or warranty supplied or made by or on behalf of the Participating Banks, the Unit Registrar, Securities Clearing and Computer Services (Pte) Ltd, CDP, the SGX-ST, and the Manager (the “**Relevant Persons**”); he has access to all information he believes is necessary or appropriate in connection with this purchase of the Rights Units; he has not relied on any investigation that the Sole Lead Manager or any of the Relevant Persons may have conducted with respect to the Rights Units or First REIT, and none of such persons has made any representation to him, express or implied, with respect to the Rights Units or First REIT; except for any liability which cannot by law be excluded, he will not hold any of the Relevant Persons responsible for any misstatements or omissions from any publicly available information concerning First REIT and none of the Relevant Persons owe nor accept any duty, liability or responsibility to him, whether in contract or in tort (including without limitation, negligence and breach of statutory duty) or otherwise and shall not be liable in respect of any loss, damage or expense whatsoever in relation to the Rights Issue;
- (h) he will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of his Rights Entitlements and (if applicable) application for Excess Rights Units;



- (i) in respect of the Rights Entitlements and (if applicable) the Excess Rights Units for which his Electronic Application has been successfully completed and not rejected, acceptance of the Applicant's Electronic Application shall be constituted by written notification by or on behalf of the Manager and not otherwise, notwithstanding any payment received by or on behalf of the Manager; and
  - (j) unless expressly provided to the contrary in this Offer Information Statement or the Electronic Application, a person who is not party to any contracts made pursuant to this Offer Information Statement or the Electronic Application (other than CDP, the Manager, the Sole Lead Manager, the other Relevant Persons, the Participating Banks and the Unit Registrar) has no rights under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore to enforce any term of such contracts. Notwithstanding any term contained in this Offer Information Statement or the Electronic Application, the consent of any third party is not required for any subsequent agreement by the parties thereto to amend or vary (including any release or compromise of any liability) or terminate such contracts. Where third parties are conferred rights under such contracts, those rights are not assignable or transferable.
- (15) The Applicant should ensure that his personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, his Electronic Application may be liable to be rejected. The Applicant should promptly inform CDP of any change in his address, failing which the notification letter on successful allotment and other correspondences will be sent to his address last registered with CDP.
- (16) The existence of a trust will not be recognised. Any Electronic Application by an Applicant must be made in his own name and without qualification. The Manager will reject any application by any person acting as nominee.
- (17) In the event that the Applicant accepts the Rights Entitlements, by way of the ARE, the ARS, and/or by way of Electronic Application through ATMs of Participating Banks, the Rights Units and/or Excess Rights Units will be allotted in such manner as the Manager and/or CDP may, in their/its absolute discretion, deem fit and the surplus acceptance and (if applicable) application monies, as the case may be, will be refunded, without interest or any share of revenue or other benefit arising therefrom, within three business days after the Closing Date by any one or a combination of the following:
- (a) by crediting the Applicant's designated bank account via CDP's Direct Crediting Service **AT HIS OWN RISK** if he accepts and (if applicable) applies through CDP. In the event that such Applicant is not subscribed to CDP's Direct Crediting Service, any monies to be returned or refunded will be retained by CDP and reflected under the Cash Transaction section of his CDP monthly account statement (the retention by CDP being a good discharge of the Manager's obligations); and
  - (b) by crediting the Applicant's bank account with the Participating Bank at the relevant time **AT HIS OWN RISK** if he accepts and (if applicable) applies through an ATM of that Participating Bank, the receipt by such bank a good discharge of the Manager's, and CDP's obligations.
- (18) The Applicant hereby acknowledges that, in determining the total number of Rights Entitlements which the Applicant can validly accept, the Manager and CDP are entitled and the Applicant hereby authorises the Manager and CDP to take into consideration:
- (a) the total number of Rights Entitlements which the Applicant has validly accepted, whether by way of an ARE, ARS or any other form of application (including an Electronic Application) for the Rights Units;

- (b) the total number of Rights Entitlements allotted to the Applicant and standing to the credit of the "Free Balance" of his Securities Account which is available for acceptance; and
- (c) the total number of Rights Units represented by the Rights Entitlements which has been disposed of by the Applicant.

The Applicant hereby acknowledges that CDP's and the Manager's determination shall be conclusive and binding on him.

- (19) The Applicant irrevocably requests and authorises CDP to accept instructions from the relevant Participating Bank through whom the Electronic Application is made in respect of the Rights Entitlements accepted by the Applicant and (if applicable) the Excess Rights Units which the Applicant has applied for, and such instructions shall be binding and conclusive on the Applicant.
- (20) With regard to any acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units which does not conform strictly to the instructions set out under this Offer Information Statement, the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue, or which does not comply with the instructions for Electronic Application, or where the "Free Balance" of the Applicant's Securities Account is credited with less than the relevant number of Rights Units subscribed for as at the Closing Date, or in the case of an application by the ARE, the ARS and/or any other application form for the Rights Units in relation to the Rights Issue which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly or insufficiently drawn remittance, the Manager and/or CDP may, at their/its absolute discretion, reject or treat as invalid any such application and payment or otherwise process all remittances at any time after receipt in such manner as it deems fit.
- (21) The Manager and/or CDP shall be entitled to process each application submitted for the acceptance of Rights Entitlements and (if applicable) application of Excess Rights Units in relation to the Rights Issue and the payment received in relation thereto, pursuant to such application on its own, without regard to any other application and payment that may be submitted by the Applicant. For the avoidance of doubt, insufficient payment for an application submitted for the acceptance of the Rights Entitlements and (if applicable) application for Excess Rights Units may render the application invalid; evidence of payment (or overpayment) in other applications shall not constitute, or be construed as, an affirmation of such invalid application submitted for the acceptance of Rights Entitlements and (if applicable) application for Excess Rights Units.



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**LIST OF PARTICIPATING BANKS**

- DBS Bank Ltd. (including POSB)
- Oversea-Chinese Banking Corporation Limited
- United Overseas Bank Limited

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## VALUATION CERTIFICATES



Valuation of:  
11 Properties Located Within Indonesia

Prepared for  
Perpetual (Asia) Limited (as Trustee of First  
Real Estate Investment Trust)  
First REIT Management Limited (in its  
capacity as Manager of First Real Estate  
Investment Trust)

Report Date  
30 November 2020

Ref: CC/EH/20-0135/ac

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**30 November 2020**

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

Attention: Ms Sin Li Choo

**First REIT Management Limited**  
**(in its capacity as Manager of First Real Estate Investment Trust) (“Manager”)**  
333 Orchard Road #33-02  
Singapore 238867

Attention: Mr Jacky Chan

Dear Sirs,

**RE: VALUATION OF 11 PROPERTIES IN INDONESIA (“VALUATION ASSIGNMENT”)**

## **1. Instructions**

Pursuant to your instructions, we are pleased to submit our valuation report, which has been prepared for corporate action purposes and inclusion in the Offer Information Statement to be issued by the Manager. Terms of engagement have been agreed with Perpetual (Asia) Limited as Trustee of First Real Estate Investment Trust (“First REIT”) to provide a market value of the Property as at the valuation date in accordance to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS) and for bank financing and mortgage purposes.

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

We confirm the valuation of 11 properties (“Property”) across Indonesia are as follows:

- Siloam Hospitals Lippo Village
- Siloam Hospitals Surabaya
- Siloam Hospitals Kebon Jeruk
- Mochtar Riady Comprehensive Cancer Centre
- Siloam Hospitals Makassar
- Manado Property (Siloam Hospitals Manado & Hotel Aryaduta Manado)

- Siloam Hospitals TB Simatupang
- Siloam Hospitals Bali
- Siloam Hospitals Labuan Bajo
- Siloam Hospitals Buton
- Siloam Hospitals Yogyakarta

## 2. Valuer Competency

The valuation is led by Chris Carver, Head of Valuations South East Asia, who has over 18 years' experience in valuations, consulting and capital markets across Asia Pacific. Additionally, the team comprise Firman Sagaf, Senior Partner of KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

## 3. Valuation Purposes

The purpose of this valuation is to be used for as part of the evaluation of corporate actions and to be included in the Offer Information Statement to be issued by the Manager in due course.

## 4. Valuation Date

The Valuation Date is at 2 November 2020.

## 5. Bases of Valuation

The valuation and report has been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.

### **Bases**

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

### **Definitions**

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

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



## **6. Assumptions, Departures and Reservations**

### **Assumptions**

We have valued the Property taking into consideration the agreed Term Sheet as at 2 November 2020, the signed Memorandum of Understanding ("MOU") dated 28 November 2020 and the present occupational arrangements, based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property. The ownership and/or leasehold right of the Properties can be transferred or sub-lease to third parties.

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

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

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

### **Reservations**

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan who worked on the valuation in respect to the Property, market conditions and available data.

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

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

Our valuation is made without any special instructions.

## **7. Inspection**

External and internal inspection of the Property has been made by KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan on 12-16 September 2020 and 16-17 October 2020. Investigation was carried out as necessary. Although not all areas were accessible for viewing at the time of inspection, we have made endeavours to inspect all areas available for viewing.

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

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

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

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

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

## **8. Sources of Information**

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

## **9. General Comment**

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

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

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

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

## **10. Confidentiality**

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

## **11. Disclosure and Publication**

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

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

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

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties.

Signed for and on behalf of Cushman & Wakefield VHS Pte Ltd



**Chris Carver**

MRICS

Membership: 1225970

Executive Director

Head of Valuations and Consulting

Singapore & South East Asia

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[chris.carver@cushwake.com](mailto:chris.carver@cushwake.com)

## 12. Description of Subject Properties

<b>12.1 Siloam Hospitals Lippo Village (“SHLV”)</b>	
<b>Property Description:</b>	Siloam Hospitals Lippo Village comprises of a 10-storey purpose-built hospital with 1-level basement.
<b>Address:</b>	Jalan Siloam No. 6, Village of Bencong Indah, District of Kelapa Dua, Regency of Tangerang, Province of Banten, Indonesia.
<b>Land Area:</b>	17,442 square meters.
<b>Gross Floor Area (GFA):</b>	32,696 square meters.
<b>Registered Proprietor:</b>	PT Sentra Dinamika Perkasa.
<b>Land Titles:</b>	<p>A total of 7 Rights to Build with Expiry Dates from 24 September 2022 to 25 December 2039.</p> <ol style="list-style-type: none"> <li>1. Rights to Build (SHGB) No.: 01260/ Bencong Indah                      Registered Owner : PT Sentra Dinamika Perkasa                      Issuance Date : 2 June 1997                      Expiry Date : 26 July 2032                      Measurement Letter No. : 31/Bencong Indah/2012                      Measurement Date : 11 May 2012                      Land Area : 731 square meters</li> <li>2. Rights to Build (SHGB) No.: 01261/ Bencong Indah                      Registered Owner : PT Sentra Dinamika Perkasa                      Issuance Date : 27 July 1992                      Expiry Date : 26 July 2032                      Measurement Letter No. : 32/Bencong Indah/2012                      Measurement Date : 11 May 2012                      Land Area : 2,335 square meters</li> <li>3. Rights to Build (SHGB) No.: 3867/ Bencong Indah                      Registered Owner : PT Sentra Dinamika Perkasa                      Issuance Date : 26 December 2011                      Expiry Date : 25 December 2039                      Measurement Letter No : 16199                      Measurement Date : 17 Dec 1991                      Land Area : 1,550 square meters</li> <li>4. Rights to Build (SHGB) No.: 6938/ Bencong Indah                      Registered Owner : PT Sentra Dinamika Perkasa                      Issuance Date : 26 October 1995</li> </ol>

<b>12.1 Siloam Hospitals Lippo Village (“SHLV”)</b>	
	Expiry Date : 26 October 2035 Measurement Letter No. : 11331 Measurement Date : 19 July 1995 Land Area : 500 square meters 5. Rights to Build (SHGB) No.: 9687/ Bencong Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 2 June 1997 Expiry Date : 25 December 2031 Measurement Letter No. : 16729 Measurement Date : 26 May 1997 Land Area : 6,877 square meters 6. Rights to Build (SHGB) No.: 10186/ Bencong Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 8 September 1997 Expiry Date : 24 September 2022 Measurement Letter No. : 26280 Measurement Date : 2 September 1997 Land Area : 2,135 square meters 7. Rights to Build (SHGB) No.: 10187/ Bencong Registered Owner : PT Sentra Dinamika Perkasa Issuance Date : 8 September 1997 Expiry Date : 24 September 2022 Measurement Letter No. : 26281 Measurement Date : 2 September 1997 Land Area : 3,314 square meters
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Sentra Dinamika Perkasa. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$12,952,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.

## 12.1 Siloam Hospitals Lippo Village (“SHLV”)

<p>Escalation</p> <p>First Lease Year and subsequent Lease Year Rent Computation</p>	<p>: Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>: The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement Date : 1 January 2021.</p>
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<b>12.1 Siloam Hospitals Lippo Village (“SHLV”)</b>	
	Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
<b>Building Permit:</b>	License no. 645.3/679 -DTRB/2004 with a date of issue 14 May 2004 and receipt no.00163/640/DPMPSTP/2017 with a date of issue 29 March 1994.
<b>Town Planning:</b>	Land Use Zoning : Public & Social Service Zone. Building Site Coverage : 30%
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	14 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.0%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 1,744,764,000,000/-</b> <b>(Indonesian Rupiahs One Trillion Seven Hundred Forty Four Billion Seven Hundred And Sixty Four Million Only).</b> Reflecting SGD 162,580,000, Singapore Dollars One Hundred Sixty Two Million Five Hundred And Eighty Thousands Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by Monetary Authority of Singapore, “MAS”) as at the date of valuation.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

<b>12.2 Siloam Hospitals Surabaya (“SHS”)</b>	
<b>Property Description:</b>	Siloam Hospitals Surabaya comprises of 5 integrated purposed-built hospital buildings ranging from 2 to 5-storey.
<b>Address:</b>	Jalan Raya Gubeng No.70, Sub-District of Gubeng, City of Surabaya, Province of Jawa Timur, Indonesia.
<b>Land Area:</b>	4,306 square meters.
<b>Gross Floor Area (GFA):</b>	9,065 square meters.
<b>Registered Proprietor:</b>	PT Tata Prima Indah.

## 12.2 Siloam Hospitals Surabaya (“SHS”)

<b>Land Titles:</b>	<p>A total of 5 Rights to Build with Expiry Dates of 26 November 2021 to 8 May 2034.</p> <ol style="list-style-type: none"> <li>1. Rights to Build (SHGB) No.: 343/Gubeng                      Registered Owner : PT Tata Prima Indah                      Issuance Date : 29 June 1994                      Expiry Date : 8 May 2034                      Measurement Letter No. : 11,165/1993                      Measurement Date : 10 July 1993                      Land Area : 1,891 square meters</li> <li>2. Rights to Build (SHGB) No.: 340/Gubeng                      Registered Owner : PT Tata Prima Indah                      Issuance Date : 10 June 1994                      Expiry Date : 8 May 2034                      Measurement Letter No. : 11,170/1993                      Measurement Date : 10 July 1993                      Land Area : 641 square meters</li> <li>3. Rights to Build (SHGB) No.: 408/Gubeng                      Registered Owner : PT Tata Prima Indah                      Issuance Date : 13 March 1997                      Expiry Date : 24 September 2026                      Measurement Letter No : 70/1997                      Measurement Date : 12 March 1997                      Land Area : 635 square meters</li> <li>4. Rights to Build (SHGB) No.: 476/Gubeng                      Registered Owner : PT Tata Prima Indah                      Issuance Date : 13 February 2002                      Expiry Date : 26 November 2021                      Measurement Letter No. : 13/T/1972                      Measurement Date : 20 March 1972                      Land Area : 455 square meters</li> <li>5. Rights to Build (SHGB) No.: 494/Gubeng                      Registered Owner : PT Tata Prima Indah                      Issuance Date : 16 February 2004                      Expiry Date : 7 September 2023                      Measurement Letter No. : 169/Gubeng/2003                      Measurement Date : 29 December 2003                      Land Area : 684 square meters</li> </ol>
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<b>12.2 Siloam Hospitals Surabaya (“SHS”)</b>	
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Tata Prima Indah.                      Tenant : PT Lippo Karawaci Tbk.                      Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent : S\$2,780,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ol> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ol>

<b>12.2 Siloam Hospitals Surabaya (“SHS”)</b>	
	<p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	<p>License no.: 6901/1303-699, 188.45/801.92/402.5.09/1994 and 188/1926-92/402.5.09/1999.                      Date of issue: 28 June 1977, 29 March 1994 and 18 December 1999 respectively.</p>
<b>Town Planning:</b>	<p>Land Use Zoning : Public Facility.                      Building Site Coverage : Maximum 60%                      Plot Ratio (KLB) : 7.2                      Height Limitation : 12-storey</p>
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	16 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>IDR 428,360,000,000/-</b>  <b>(Indonesian Rupiahs Four Hundred Twenty Eight Billion Three Hundred And Sixty Million Only).</b></p> <p>Reflecting SGD 39,910,000, Singapore Dollars Thirty Nine Million Nine Hundred And Ten Thousands Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p>
<p><a href="#">This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.</a></p>	

<b>12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)</b>	
<b>Property Description:</b>	Siloam Hospitals Kebon Jeruk comprises a 3-storey and 6-storey purposed-built hospital with 1 basement level.
<b>Address:</b>	Jalan Raya Perjuangan Kav.8, Sub-District of Kebon Jeruk, District of Kebon Jeruk, City of Jakarta Barat, Province of DKI Jakarta, Indonesia.
<b>Land Area:</b>	11,420 square meters.
<b>Gross Floor Area (GFA):</b>	20,268 square meters.
<b>Registered Proprietor:</b>	PT Graha Indah Pratama.
<b>Land Titles:</b>	1. Right to Build Certificate No. 1313/Kebon Jeruk. Proprietor Name : PT Graha Indah Pratama. Issuance Date : 11 August 1997. Expiry Date : 10 August 2037. Measurement Letter No. : 6358/1997. Measurement Letter Date : 07 August 1997. Land Area : 11,420 square meters.
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Graha Indah Pratama. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$4,821,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

<b>12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)</b>	
	<p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no.: 15552/IMB/1994, 7948/IMB/1990 and 5451/IMB/1991. Date of issue: 5 January 1984, 25 September 1990 and 21 June 1991 respectively.
<b>Town Planning:</b>	Land Use Zoning : Public facility. Building Site Coverage : Maximum 55% Plot Ratio (KDB) : 6 Height Limitation : 40-storey

<b>12.3 Siloam Hospitals Kebon Jeruk (“SHKJ”)</b>	
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	15 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.0%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 785,110,000,000/-</b> <b>(Indonesian Rupiahs Seven Hundred Eighty Five Billion One Hundred And Ten Million Only).</b>
	Reflecting SGD 73,160,000, Singapore Dollars Seventy Three Million One Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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<b>12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)</b>	
<b>Property Description:</b>	The subject property is Mochtar Riady Comprehensive Cancer Centre (“MRCCC”) that comprises of a 29-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.
<b>Address:</b>	Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta – Indonesia.
<b>Land Area:</b>	4,145 square meters.
<b>Gross Floor Area (GFA):</b>	37,933 square meters.
<b>Registered Proprietor:</b>	PT. Primatama Cemerlang



<b>12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)</b>	
<b>Land Titles:</b>	1. Hak Guna Bangunan (Right to Build) No.277/Karet Semanggi <ul style="list-style-type: none"> <li>• Registered Proprietor : PT. Primatama Cemerlang</li> <li>• Issuance Date : 22 August 1997</li> <li>• Expiry Date : 26 August 2035</li> <li>• Measurement Deed : 3717/1997</li> <li>• Date of Situation Drawing : 14 August 1997</li> <li>• Land Area : 4,145 square meters</li> </ul>
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: <p>Landlord : PT Primatama Cemerlang.                      Tenant : PT Lippo Karawaci Tbk.                      Building Type : Hospital.</p>
	Commencement Base Rent : S\$9,967,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days. Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022. For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of: <ol style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation</li> </ol>

<b>12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)</b>	
	<p>amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	Hospital and facilities, based on Permit (Izin Mendirikan Bangunan) No.5204/IMB/2009 dated 2 June 2009.
<b>Town Planning:</b>	<p>Zoning of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta):</p> <p>Land Use Zoning : Public and social service zone                      Building Site Coverage (KDB) : 30%                      Building Plot Ratio (KLB) : 5.5</p>
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	14 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.0%

<b>12.4 Mochtar Riady Comprehensive Cancer Centre (“MRCCC”)</b>	
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 1,349,570,000,000/-</b> <b>(Indonesian Rupiahs One Trillion Three Hundred Forty Nine Billion Five Hundred And Seventy Million Only).</b>
	Reflecting SGD 125,750,000, Singapore Dollars One Hundred Twenty Five Million Seven Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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<b>12.5 Siloam Hospitals Makassar (“SHMK”)</b>	
<b>Property Description:</b>	A 8-storeys hospital building with roof floor & 1 basement.
<b>Address:</b>	Jalan Metro Tanjung Bunga Kav 3-5, Sub district of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia.
<b>Land Area:</b>	3,963 square meters.
<b>Gross Floor Area (GFA):</b>	14,307 square meters.
<b>Registered Proprietor:</b>	PT Bayutama Sukses.
<b>Land Titles:</b>	1. Hak Guna Bangunan (Right to Build) No.20007/Penambungan. <ul style="list-style-type: none"> <li>• Registered Proprietor : PT Bayutama Sukses.</li> <li>• Issuance Date : 21 March 2012.</li> <li>• Expiry Date : 22 December 2031.</li> <li>• Measurement Letter No. : 00489/2012.</li> <li>• Measurement Letter Date : 16 March 2012.</li> </ul> Land Area : 3,963 square meters.
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Bayutama Sukses. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.

## 12.5 Siloam Hospitals Makassar (“SHMK”)

<p>Commencement</p> <p>Base Rent : S\$ 5,251,000.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation</p>	<p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at <math>IDR/SGD = 10,830</math>.</p> <p>The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X <math>(1 + S) =</math> Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, <math>(1 + S)</math> will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X <math>(1 + S)</math>, where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, <math>(1 + S)</math> will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> </ul>
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<b>12.5 Siloam Hospitals Makassar (“SHMK”)</b>	
	<p>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	Hospital and facilities, based on License to Build No. 503/8525/IMB-B/01/DPM-PTSP and No. 503/0436/IMB/09/KPAP.
<b>Town Planning:</b>	Based on Peraturan Daerah No. 4 Tahun 2015 Kota Makassar: Land Use Zoning : Mixed Use Building Site Coverage (KDB) : 40% - 60%
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	12 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>IDR 702,389,000,000/-</b>                      (Indonesian Rupiahs Seven Hundred And Two Billion Three Hundred And Eighty Nine Million Only).</p> <p>Reflecting SGD 65,450,000, Singapore Dollars Sixty Five Million Four Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p>
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<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
<b>Property Description:</b>	An 11-storey mixed use development of 4-levels hospital with 238 beds and 9-levels of 5-star hotel with 200 guest rooms.
<b>Address:</b>	Jalan Sam Ratulangi No.22, Boulevard Center Complex, Wenang Utara, Manado, North Sulawesi, Indonesia.

<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
<b>Land Area:</b>	5,518 square meters.
<b>Gross Floor Area (GFA):</b>	36,051 square meters.
<b>Registered Proprietor:</b>	PT. Menara Abadi Megah.
<b>Land Titles:</b>	<ol style="list-style-type: none"> <li>1. Right to Build Certificate No. 55/Wenang Utara.                      Proprietor Name : PT Menara Abadi Megah.                      Issuance Date : 21 September 1992.                      Expiry Date : 18 May 2032.                      Measurement Letter No. : 1612/1992.                      Measurement Letter Date : 17 September 1992.                      Land Area : 964 square meters.</li> <li>2. Right to Build Certificate No. 56/Wenang Utara.                      Proprietor Name : PT Menara Abadi Megah.                      Issuance Date : 21 September 1992.                      Expiry Date : 18 May 2032.                      Measurement Letter No. : 1613/1992.                      Measurement Letter Date : 17 September 1992.                      Land Area : 1,272 square meters.</li> <li>3. Right to Build Certificate No. 57/Wenang Utara.                      Proprietor Name : PT Menara Abadi Megah.                      Issuance Date : 21 September 1992.                      Expiry Date : 18 May 2032.                      Measurement Letter No. : 1614/1992.                      Measurement Letter Date : 17 September 1992.                      Land Area : 795 square meters.</li> <li>4. Right to Build Certificate No. 58/Wenang Utara.                      Proprietor Name : PT Menara Abadi Megah.                      Issuance Date : 21 September 1992.                      Expiry Date : 18 May 2032.                      Measurement Letter No. : 1615/1992.                      Measurement Letter Date : 17 September 1992.                      Land Area : 1,049 square meters.</li> <li>5. Right to Build Certificate No. 74/Wenang Utara.                      Proprietor Name : PT Menara Abadi Megah.                      Issuance Date : 11 November 1992.</li> </ol>

<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
	Expiry Date : 18 May 2032. Measurement Letter No. : 1944/1992. Measurement Letter Date : 10 November 1992. Land Area : 793 square meters. 6. Right to Build Certificate No. 75/Wenang Utara. Proprietor Name : PT Menara Abadi Megah. Issuance Date : 11 November 1992. Expiry Date : 18 May 2032. Measurement Letter No. : 1943/1992. Measurement Letter Date : 10 November 1992. Land Area : 645 square meters.
<b>Building Permit:</b>	Hospital, hotel and facilities, based on License to Build No. 202/0182/0030/IMB/BP2T/II/2012.
<b>Town Planning:</b>	Based on Local Government Regulation No.1, years 2014 regarding Planning Regulation / RTRW 2014-2034 of Manado City: Land Use Zoning : Office zone for commercial utilisation (Trade and Services) Building Site Coverage (KDB) : 40% - 60%
<b>12.6.1 Siloam Hospital Manado (“SHMD”)</b>	
<b>Lettable Area:</b>	11,476 square meters with a shared space of 1,145 sqm with HAMD.
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Menara Abadi Megah. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$3,202,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”). First Lease Year and : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021



<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
<p>subsequent Lease Year Rent Computation</p>	<p>up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul>
<p>Commencement Date</p>	<p>: 1 January 2021.</p>
<p>Lease Term</p>	<p>: 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<p><b>Discount Rate:</b></p>	<p>11.70%</p>

<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>Siloam Hospital Manado</b> IDR 428,294,000,000/- (Indonesian Rupiahs Four Hundred Twenty Eight Billion Two Hundred And Ninety Four Million Only).
	Reflecting SGD 39,910,000, Singapore Dollars Thirty Nine Million Nine Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
<b>12.6.2 Hotel Aryaduta Manado (“HAMD”)</b>	
<b>Lettable Area:</b>	23,430 square meters with a shared space of 1,145 sqm with SHMD.
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:  Landlord : PT Menara Abadi Megah. Tenant : PT Lippo Karawaci Tbk. Building Type : Hotel.
	Commencement Base Rent : S\$3,307,000. Escalation : Increment of Commencement Base Rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the consumer price index if Singapore for the preceding calendar year, subject to a floor of 0% and cap of 2%.
	Variable Rent : No variable rent will be payable in the first year of the lease.  Thereafter, the variable rent will be based on audited Gross Operating Revenue (GOR) Growth of Subject Property only.  Variable rent is computed as follows: A x B  Where : A = Variable Rent Factor <ul style="list-style-type: none"> <li>• If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding financial year of the lessee by more than or equal to 5% but less than 15%, A is 0.75%.</li> <li>• If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding</li> </ul>

<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
	<p>financial year of the lessee by more than or equal to 15% but less than 30%, A is 1.25%.</p> <ul style="list-style-type: none"> <li>If GOR of the preceding financial year of the lessee exceeds the GOR of the further preceding financial year of the lessee by more than or equal to 30%, A is 2.00%.</li> </ul> <p>B = (“B”) is the surplus of GOR of the preceding financial year of the lessee over the GOR of the further preceding financial year of the lessee.</p> <p>The variable rent is payable quarterly in advance.</p> <p>For avoidance of doubt, when the GOR of the preceding financial year of the lessee does not exceed the GOR of the further preceding financial year of the lessee by more than 5%, no variable rent is payable.</p> <p>Commencement                      Date : 1 January 2021.                      Expiry Date : 29 Nov 2027.</p>
<b>Discount Rate:</b>	9.50%
<b>Terminal Yield:</b>	9.75%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>Hotel Aryaduta Manado</b>  <b>SGD 37,200,000/-</b>  <b>(Singapore Dollars Thirty Seven Million And Two Hundred Thousand Only).</b></p> <p>Reflecting IDR 399,230,000,000, Indonesian Rupiahs Three Hundred Ninety Nine Billion Two Hundred And Thirty Million Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p>
<b>Manado Property</b>	
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	13 September 2020
<b>Date of Valuation:</b>	2 November 2020

<b>12.6 Siloam Hospitals Manado &amp; Hotel Aryaduta Manado (“Manado Property”)</b>	
<b>Aggregate Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 827,524,000,000/-</b> <b>(Indonesian Rupiahs Eight Hundred Twenty Seven Billion Five Hundred And Twenty Four Million Only).</b>  Reflecting SGD 77,110,000, Singapore Dollars Seventy Seven Million One Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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<b>12.7 Siloam Hospitals TB Simatupang (“SHTS”)</b>	
<b>Property Description:</b>	Private General Hospital and 16-storey hospital building with 2 (two) level basement, accommodates 269 beds.
<b>Address:</b>	Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta - Indonesia.
<b>Land Area:</b>	2,489 square meters.
<b>Gross Floor Area (GFA):</b>	18,605 square meters.
<b>Registered Proprietor:</b>	PT. Perisai Dunia Sejahtera.
<b>Land Titles:</b>	1. Hak Guna Bangunan (Right to Build) No.2577/Cilandak Barat. <ul style="list-style-type: none"> <li>• Registered Proprietor : PT. Perisai Dunia Sejahtera.</li> <li>• Issuance Date : 28 March 2013.</li> <li>• Expiry Date : 28 September 2028.</li> <li>• Measurement Deed : 00073/Cilandak Barat/2013.</li> <li>• Date of Situation Drawing : 26 March 2013.</li> <li>• Land Area : 2,489 square meters</li> </ul>
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:  Landlord : PT Perisai Dunia Sejahtera. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.

## 12.7 Siloam Hospitals TB Simatupang (“SHTS”)

<p>Commencement</p> <p>Base Rent : S\$ 3,334,000.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p>	<p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> </ul>
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<b>12.7 Siloam Hospitals TB Simatupang (“SHTS”)</b>	
	<p>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	<p>Hospital and facilities, based on 2 Licenses consists of:</p> <ul style="list-style-type: none"> <li>• License No.11723/IMB/2012 Dated 8 October 2012.</li> <li>• License No.15006/IMB/2012 Dated 12 December 2012</li> </ul>
<b>Town Planning:</b>	<p>Zoning of the Subject Property is as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta):</p> <p>Land Use Zoning : Public and social service zone.                      Building Site Coverage (KDB) : 30%                      Building Plot Ratio (KLB) : 3.5 Maximum                      Building Height : 24 Storeys</p>
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	16 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 446,070,000,000/-</b> <b>(Indonesian Rupiahs Four Hundred Forty Six Billion And Seventy Million Only).</b>
	Reflecting SGD 41,560,000, Singapore Dollars Forty One Million Five Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
<p>This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.</p>	

<b>12.8 Siloam Hospitals Bali (“SHBL”)</b>	
<b>Property Description:</b>	Siloam Hospitals Bali comprises of a 4-storey hospital with one basement level with a maximum capacity of 281 inpatient beds (based on official letter sign by director SHBL No.223/SHDP-SK/DIR/XII/2017), integrated with shops for related use (known as Lippo Plaza Sunset).
<b>Address:</b>	Jalan Sunset Road No.818, Sub District of Kuta, District of Kuta, City of Badung, Province of Bali, Indonesia.
<b>Land Area:</b>	9,025 square meters.
<b>Gross Floor Area (GFA):</b>	20,958 square meters.
<b>Registered Proprietor:</b>	PT Dasa Graha Jaya.
<b>Land Titles:</b>	<ol style="list-style-type: none"> <li>1. Right to Build Certificate No. 911/Kuta.                      Proprietor Name : PT Dasa Graha Jaya.                      Issuance Date : 22 August 1998.                      Expiry Date : 26 March 2038.                      Measurement Letter No. : 458/1998.                      Measurement Letter Date : 12 August 1998.                      Land Area : 1,805 square meters.</li> <li>2. Right to Build Certificate No. 912/Kuta.                      Proprietor Name : PT Dasa Graha Jaya.                      Issuance Date : 22 August 1998.                      Expiry Date : 26 March 2038.                      Measurement Letter No. : 457/1998.                      Measurement Letter Date : 12 August 1998.                      Land Area : 950 square meters.</li> <li>3. Right to Build Certificate No. 913/Kuta.                      Proprietor Name : PT Dasa Graha Jaya.                      Issuance Date : 22 August 1998.                      Expiry Date : 26 March 2038.                      Measurement Letter No. : 456/1998.                      Measurement Letter Date : 12 August 1998.                      Land Area : 1,280 square meters.</li> <li>4. Right to Build Certificate No. 914/Kuta.                      Proprietor Name : PT Dasa Graha Jaya.                      Issuance Date : 22 August 1998.                      Expiry Date : 26 March 2038.</li> </ol>



<b>12.8 Siloam Hospitals Bali (“SHBL”)</b>	
	Measurement Letter No. : 448/1998. Measurement Letter Date : 12 August 1998. Land Area : 990 square meters. 5. Right to Build Certificate No. 915/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 449/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,200 square meters. 6. Right to Build Certificate No. 916/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 459/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,200 square meters. 7. Right to Build Certificate No. 917/Kuta. Proprietor Name : PT Dasa Graha Jaya. Issuance Date : 22 August 1998. Expiry Date : 26 March 2038. Measurement Letter No. : 450/1998. Measurement Letter Date : 12 August 1998. Land Area : 1,600 square meters.
<b>Summary of Rental Terms:</b>	The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis: Landlord : PT Dasa Graha Jaya. Tenant : PT Lippo Karawaci Tbk. Building Type : Hospital.
	Commencement Base Rent : S\$ 5,010,000. On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830. Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).

## 12.8 Siloam Hospitals Bali (“SHBL”)

<p>First Lease Year and subsequent Lease Year Rent Computation</p>	<p>: The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul>
<p>Commencement Date</p>	<p>: 1 January 2021.</p>
<p>Lease Term</p>	<p>: 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>

<b>12.8 Siloam Hospitals Bali (“SHBL”)</b>	
<b>Building Permit:</b>	License no. 114 year 2011 date of issue 8 February 2011
<b>Town Planning:</b>	Zoning of the Subject Property are as follow (based on Badung Regency Regulation No.26, year 2013 regarding Planning Regulation of Badung Regency): Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 60%
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	16 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 670,272,000,000/-</b> <b>(Indonesian Rupiahs Six Hundred Seventy Billion Two Hundred And Seventy Two Million Only).</b> Reflecting SGD 62,460,000, Singapore Dollars Sixty Two Million Four Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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<b>12.9 Siloam Hospitals Labuan Bajo (“SHLB”)</b>	
<b>Property Description:</b>	Siloam Hospitals Labuan Bajo comprises of a 3-storey purpose built hospital with a maximum capacity of 153 beds.
<b>Address:</b>	Jalan Gabriel RT 013/RW 005, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur - Indonesia.
<b>Land Area:</b>	2,837 square meters.
<b>Gross Floor Area (GFA):</b>	7,604 square meters.
<b>Registered Proprietor:</b>	PT Prima Labuan Bajo.

<b>12.9 Siloam Hospitals Labuan Bajo (“SHLB”)</b>	
<b>Land Titles:</b>	<p>1. Right to Build Certificate No. 00029 / Gorontalo.</p> <p>Proprietor Name : PT Prima Labuan Bajo.</p> <p>Issuance Date : 11 May 2016.</p> <p>Expiry Date : 11 May 2046.</p> <p>Measurement Letter No. : 401/Gorontalo/2016.</p> <p>Measurement Letter Date : 26 April 2016.</p> <p>Land Area : 2,837 square meters.</p>
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Prima Labuan Bajo.</p> <p>Tenant : PT Lippo Karawaci Tbk and PT Lintas Buana Jaya</p> <p>Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent : S\$ 884,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <p>iii. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</p> <p>iv. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p>

<b>12.9 Siloam Hospitals Labuan Bajo (“SHLB”)</b>	
	<p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>iii. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>iv. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>iii. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>iv. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no.: BPMPPT.503.604/IMB/014/VI/2015 Date of issue: 22 June 2015
<b>Town Planning:</b>	Land Use Zoning : Public Service Facilities. Building Site Coverage : 80%
<b>Valuation Approach:</b>	Discounted Cash Flow Analysis
<b>Date Inspected:</b>	17 October 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%

<b>12.9 Siloam Hospitals Labuan Bajo (“SHLB”)</b>	
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>IDR 118,918,000,000/-</b>  <b>(Indonesian Rupiahs One Hundred Eighteen Billion Nine Hundred And Eighteen Million Only).</b></p> <p>Reflecting SGD 11,080,000, Singapore Dollars Eleven Million And Eighty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p>
<p><i>This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.</i></p>	

<b>12.10 Siloam Hospitals Buton</b>	
<b>Property Description:</b>	Siloam Hospitals Buton (“SHBN”) comprises a 3-storey purpose built hospital with a maximum capacity of 160 beds.
<b>Address:</b>	Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulo, District of Wolio, City of Baubau, Province of Sulawesi Tenggara - Indonesia.
<b>Land Area:</b>	21,874 square meters. (Total lot size inclusive of Lippo Plaza Buton)
<b>Gross Floor Area (GFA):</b>	10,796 square meters. (Siloam Hospitals Buton only)
<b>Registered Proprietor:</b>	PT Buton Bangun Cipta.
<b>Land Titles: (for Siloam Hospitals Buton &amp; Lippo Plaza Buton)</b>	<ol style="list-style-type: none"> <li>Right to Build Certificate No. 00033/Batulo.                      Proprietor Name : PT Buton Bangun Cipta.                      Issuance Date : 30 May 2017.                      Expiry Date : 8 March 2042.                      Measurement Letter No. : 00081/2017.                      Measurement Letter Date : 29 May 2017.                      Land Area : 4,180 square meters.</li> <li>Right to Build Certificate No. 00034/Batulo.                      Proprietor Name : PT Buton Bangun Cipta.                      Issuance Date : 30 May 2017.                      Expiry Date : 8 March 2042.                      Measurement Letter No. : 00082/2017.                      Measurement Letter Date : 29 May 2017.                      Land Area : 17,694 square meters.</li> </ol>

<b>12.10 Siloam Hospitals Buton</b>	
	Build Operate and Transfer (“BOT”) Agreement was made on 12 May 2011 between PT Andromeda Sakti as the BOT holder, and the Government of Regency of Buton as the land owner for the period of 16 June 2014 till 15 June 2044. (30 years after the BOT Extension) and its Addendum No. 032/3048 and No. 111/AGMT/KGKAS/ XI/2015 are dated 25 November 2015.
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Buton Bangun Cipta.                      Tenant : PT Lippo Karawaci Tbk and PT Bina Bahtera Sejati.                      Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent : S\$ 1,074,000.                      On the commencement date of the master lease, the SGD denominated rents for the hospital be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.                      Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.                      For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ol>



<b>12.10 Siloam Hospitals Buton</b>	
	<p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year's (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year's Base Rent X (1 + S), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no.: 648/659/III/02/2014 Date of issue: 16 December 2014
<b>Town Planning:</b>	Land Use Zoning : Residential zone.  We also note that it was allowed to be built for non-residential purpose as long as the purpose of the building is to support residential activities/need.
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	16 October 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	Nil

<b>12.10 Siloam Hospitals Buton</b>	
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>IDR 132,012,000,000/-</b>  <b>(Indonesian Rupiahs One Hundred Thirty Two Billion And Twelve Million Only).</b></p> <p>Reflecting SGD 12,300,000, Singapore Dollars Twelve Million And Three Hundred Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p> <p>We noted there is another existing Master Lease Agreement for Lippo Plaza Buton and this value excludes the value of Lippo Plaza Buton.</p>
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<b>12.11 Siloam Hospitals Yogyakarta (“SHYG”)</b>	
<b>Property Description:</b>	Siloam Hospitals Yogyakarta comprises of a 10-storey purpose built hospital located adjacent to Lippo Plaza Jogja. SHYG has a maximum capacity of 220 beds.
<b>Address:</b>	Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.
<b>Land Area:</b>	13,715 square meters. (Total lot size inclusive of Lippo Plaza Jogja)
<b>Gross Floor Area (GFA):</b>	12,474 square meters.
<b>Registered Proprietor:</b>	PT Yogya Central Terpadu.
<b>Land Titles: (for Siloam Hospitals Yogyakarta and Lippo Plaza Jogja)</b>	<p>1. Right to Build Certificate No. 00131/Demangan.</p> <p>Proprietor Name : PT Yogya Central Terpadu.</p> <p>Issuance Date : 14 November 2005.</p> <p>Expiry Date : 27 December 2043.</p> <p>Measurement Letter No. : 00440/Demangan/2005.</p> <p>Measurement Letter Date : 14 November 2005.</p> <p>Land Area : 13,715 square meters.</p>

<b>12.11 Siloam Hospitals Yogyakarta (“SHYG”)</b>	
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Yogya Central Terpadu.</p> <p>Tenant : PT Lippo Karawaci Tbk and PT Taruna Perkasa Megah.</p> <p>Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent : S\$ 1,580,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ol> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> </ol>

<b>12.11 Siloam Hospitals Yogyakarta (“SHYG”)</b>	
	<p>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <p>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</p> <p>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</p> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no.: 0079/GK/2014 Date of issue: 29 January 2014
<b>Town Planning:</b>	Land Use Zoning : Commercial use/trade and service.
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	14 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<p><b>IDR 213,549,000,000/-</b>  <b>(Indonesian Rupiahs Two Hundred Thirteen Billion Five Hundred And Forty Nine Million Only).</b></p> <p>Reflecting SGD 19,900,000, Singapore Dollars Nineteen Million And Nine Hundred Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.</p>
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### **13. Valuation Assumptions**

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

No allowance has been made for any changes, mortgages or amounts owing on the Property or for any expense or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

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

Factors such as the free cash flow, rent over earnings before interest, taxes, depreciation, amortisation and rental (“EBITDAR”) ratio of the Lippo Karawaci Hospitals was taken into consideration when determining the base rent. Given the absence of direct comparable evidence within the direct Indonesia market, the broader ASEAN and North America regions healthcare REITs lease structures such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been utilised as comparables. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold on the basis of their trading potential. We note that the calculation of the proposed contract rental has been assessed via a ratio of the Rental / EBITDAR, which is typical and reflective of the asset as a trade related property. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% which we believe to be broadly reasonable.

Due to scarcity and confidentiality of hospitals assets, hospital rentals are hardly accessible as lease terms are normally long term and rarely being transacted as compared to other commercial properties. Hospitals are more commonly found to be built-to-suit and owner

operated. Hence, there are limited transactions for direct comparison available publicly due to the scarcity of such premises in the property market.

As such, in order to understand the reasonableness of the base rent, we have made comparisons with other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality have been utilised as proxy property comparables as they are similar to hospitals in nature. While office properties are selected due to the similarities with the consultation and administrative nature of the hospitals.

Comparisons was also made with similar hospitality properties such as hotels and serviced residences within Indonesia for Hotel Aryaduta Manado.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

In addition, we observed that the annualised rental growth in retail and commercial properties ranges approximately 3% – 5%. Therefore, we are of the opinion that the fixed base rental growth rate of 4.5% per annum in the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, a scenario has been conducted at the request of the Manager with the assumption that with the same initial base rent denominated is in Singapore Dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 7% lower in aggregate, than the valuations undertaken for this exercise.

## **14. Valuation Methodology and Commentary**

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

### **Discounted Cash Flow Method**

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

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

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

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



## 15. Valuation Summary

Having regard to the foregoing and the present market conditions, we are of the opinion that the aggregate market value as at 2 November 2020 of the 11 properties; subject to the existing tenancies and assuming free from encumbrances, is in the region of:

### a. Healthcare Properties

No	Description	Market Value (IDR, millions)	Market Value (SGD)
1	Siloam Hospitals Lippo Village	1,744,764	162,580,000
2	Siloam Hospitals Surabaya	428,360	39,910,000
3	Siloam Hospitals Kebon Jeruk	785,110	73,160,000
4	Mochtar Riady Comprehensive Cancer Centre	1,349,570	125,750,000
5	Siloam Hospitals Makassar	702,389	65,450,000
6a.	Siloam Hospitals Manado	428,294	39,910,000
7	Siloam Hospitals Tb Simatupang	446,070	41,560,000
8	Siloam Hospitals Bali	670,272	62,460,000
9	Siloam Hospitals Labuan Bajo	118,918	11,080,000
10	Siloam Hospitals Buton	132,012	12,300,000
11	Siloam Hospitals Yogyakarta	213,549	19,900,000
<b>TOTAL</b>		<b>7,019,308</b>	<b>654,060,000</b>

### b. Manado Property

No	Description	Market Value (IDR, millions)	Market Value (SGD)
6a.	Siloam Hospitals Manado	428,294	39,910,000
6b.	Hotel Aryaduta Manado	399,230	37,200,000
<b>TOTAL</b>		<b>827,524</b>	<b>77,110,000</b>

### Aggregate Market Value

No	Description	Market Value (IDR, millions)	Market Value (SGD)
a.	Healthcare Properties - Including Siloam Hospitals Manado	7,019,308	654,060,000
b.	Hotel Aryaduta Manado	399,230	37,200,000
<b>GRAND TOTAL</b>		<b>7,418,538</b>	<b>691,260,000</b>

**IDR 7,418,538,000,000/-**

**(Indonesian Rupiah Seven Trillion Four Hundred Eighteen Billion Five Hundred And Thirty Eight Million Only)**

Reflecting SGD 691,260,000, Singapore Dollars Six Hundred Ninety One Million Two Hundred And Sixty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.

## **A Instructions**

This valuation report has been prepared in accordance with your appointment to proceed with the valuation via your acceptance of our proposal dated 10 September 2020 and prior email correspondences.

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

Information supplied to us is listed in Appendix 2.

## **Appendix 1 Terms & Conditions**

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

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

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

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

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

- or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S\$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
25. Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.
26. Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.
27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28.

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

## **Appendix 2 Information Supplied**

We have been supplied with the following information: -

<b>Information</b>	<b>Source</b>
1. Copy of Title Search/Site Plan	Local Map Service Provider
2. Copy of floor plans, rent rolls, gross floor area, net lettable area and property information	Manager
3. Copy of hospital projected revenues	Manager
4. Master lease agreements	Manager



Valuation of:

3 Properties Located Within Indonesia

Prepared for

Perpetual (Asia) Limited (as Trustee of First  
Real Estate Investment Trust)

First REIT Management Limited (in its  
capacity as Manager of First Real Estate  
Investment Trust)

Report Date

30 November 2020

Ref: CC/EH/20-0135/ac

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**30 November 2020**

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

Attention: Ms Sin Li Choo

**First REIT Management Limited**  
**(in its capacity as Manager of First Real Estate Investment Trust) (“Manager”)**  
333 Orchard Road #33-02  
Singapore 238867

Attention: Mr Jacky Chan

Dear Sirs,

**RE: VALUATION OF 3 PROPERTIES IN INDONESIA (“VALUATION ASSIGNMENT”)**

**1. Instructions**

Pursuant to your instructions, we are pleased to submit our valuation report, which has been prepared for corporate action purposes and inclusion in the Offer Information Statement to be issued by the Manager. Terms of engagement have been agreed with Perpetual (Asia) Limited as Trustee of First Real Estate Investment Trust (“First REIT”) to provide a market value of the Property as at the valuation date in accordance to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS) and for bank financing and mortgage purposes.

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

We confirm the valuation of 3 properties (“Property”) across Indonesia are as follows:

- Siloam Hospitals Purwakarta
- Siloam Sriwijaya
- Siloam Hospitals Kupang

**2. Valuer Competency**

The valuation is led by Chris Carver, Head of Valuations South East Asia, who has over 18 years’ experience in valuations, consulting and capital markets across Asia Pacific.

Additionally, the team comprise Firman Sagaf, Senior Partner of KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan.

### **3. Valuation Purposes**

The purpose of this valuation is to be used for as part of the evaluation of corporate actions and to be included in the Offer Information Statement to be issued by the Manager in due course.

### **4. Valuation Date**

The Valuation Date is at 2 November 2020.

### **5. Bases of Valuation**

The valuation and report have been prepared in accordance with the Singapore Institute of Surveyors and Valuers' Valuation Standards and Practice Guidelines, 2015 Edition.

#### **Bases**

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

#### **Definitions**

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

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

### **6. Assumptions, Departures and Reservations**

#### **Assumptions**

We have valued the Property taking into consideration the agreed Term Sheet as at 2 November 2020, the signed Memorandum of Understanding ("MOU") dated 28 November 2020 and the present occupational arrangements, based on the information provided.

Our valuation has been made on the assumption that the Property is sold in the open market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement that would serve to alter the value of the Property. The ownership and/or leasehold right of the Properties can be transferred or sub-lease to third parties.

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

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

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

### **Reservations**

The value conclusions reflect all information known by the valuers of Cushman & Wakefield VHS Pte Ltd, in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan who worked on the valuation in respect to the Property, market conditions and available data.

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

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

Our valuation is made without any special instructions.

## **7. Inspection**

External and internal inspection of the Property has been made by KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan on 12 & 15 September 2020 and 16 October 2020. Investigation was carried out as necessary. Although not all areas were accessible for viewing at the time of inspection, we have made endeavours to inspect all areas available for viewing.

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

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

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

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

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

## **8. Sources of Information**

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

## **9. General Comment**

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

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

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

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

## **10. Confidentiality**

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

## **11. Disclosure and Publication**

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

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

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

We hereby certify that the valuers undertaking the valuation are authorized to practice as valuers and have the necessary experience in valuing similar types of properties.

Signed for and on behalf of Cushman & Wakefield VHS Pte Ltd



**Chris Carver**

MRICS

Membership: 1225970

Executive Director

Head of Valuations and Consulting

Singapore & South East Asia

+65 6232 0855

[chris.carver@cushwake.com](mailto:chris.carver@cushwake.com)



## 12. Description of Subject Properties

<b>12.1 Siloam Hospitals Purwakarta (“SHPW”)</b>	
<b>Property Description:</b>	Siloam Hospitals Purwakarta comprises a 3-storey hospital building and a 5-storey hospital building adjoined to each other with a maximum capacity of 202 beds.
<b>Address:</b>	Jalan Bungursari No.1, Boulevard Centre Complex, Sub-District of Cibening, District of Bungursari, City of Purwakarta, Province of West Java, Indonesia.
<b>Land Area:</b>	7,990 square meters.
<b>Gross Floor Area (GFA):</b>	8,254 square meters.
<b>Registered Proprietor:</b>	PT Eka Dasa Parinama.
<b>Land Titles:</b>	<ol style="list-style-type: none"> <li>1. Right to Build Certificate No.1050/Cibening.                      Proprietor Name : PT Eka Dasa Parinama.                      Issuance Date : 25 November 1994.                      Expiry Date : 27 November 2043.                      Measurement Letter No. : 1879/1994.                      Measurement Letter Date : 20 October 1994.                      Land Area : 600 square meters.</li> <li>2. Right to Build Certificate No.01666/Cibening.                      Proprietor Name : PT Eka Dasa Parinama.                      Issuance Date : 13 January 2006.                      Expiry Date : 14 November 2043.                      Measurement Letter No. : 16/Cibening/2005.                      Measurement Letter Date : 19 December 2005                      Land Area : 835 square meters.</li> <li>3. Right to Build Certificate No.01667/Cibening.                      Proprietor Name : PT Eka Dasa Parinama.                      Issuance Date : 11 October 1996.                      Expiry Date : 14 November 2043.                      Measurement Letter No. : 1691/1996.                      Measurement Letter Date : 4 October 1996.</li> </ol>

<b>12.1 Siloam Hospitals Purwakarta (“SHPW”)</b>	
	<p>Land Area : 182 square meters.</p> <p>4. Right to Build Certificate No.01668/Cibening.</p> <p>Proprietor Name : PT Eka Dasa Parinama.</p> <p>Issuance Date : 25 November 1994.</p> <p>Expiry Date : 14 November 2043.</p> <p>Measurement Letter No. : 1880/1994.</p> <p>Measurement Letter Date : 20 October 1994.</p> <p>Land Area : 405 square meters.</p> <p>5. Right to Build Certificate No.01670/Cibening.</p> <p>Proprietor Name : PT Eka Dasa Parinama.</p> <p>Issuance Date : 22 February 2006.</p> <p>Expiry Date : 14 November 2043.</p> <p>Measurement Letter No. : 01/Cibening/2006.</p> <p>Measurement Letter Date : 8 February 2006.</p> <p>Land Area : 700 square meters.</p> <p>6. Right to Build Certificate No.02189/Cibening.</p> <p>Proprietor Name : PT Eka Dasa Parinama.</p> <p>Issuance Date : 19 March 2014.</p> <p>Expiry Date : 14 November 2043.</p> <p>Measurement Letter No. : 189/Cibening/2014.</p> <p>Measurement Letter Date : 17 March 2014.</p> <p>Land Area : 5,268 square meters.</p>
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Eka Dasa Parinama.</p> <p>Tenant : PT Metropolis Propertindo Utama.</p> <p>Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent: : S\$1,767,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p>

<b>12.1 Siloam Hospitals Purwakarta (“SHPW”)</b>	
Escalation	: Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).
First Lease Year and subsequent Lease Year Rent Computation	: The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.  Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.  For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:  i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.  For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:  i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.  For subsequent lease years, the adopted annual rent will be the higher of:  i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.
Commencement Date	: 1 January 2021.

<b>12.1 Siloam Hospitals Purwakarta (“SHPW”)</b>	
	Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.
<b>Building Permit:</b>	License no.: 503/IMB.219-BPMPTSP/2014 and 503/IMB.581-BPMPTSP/2014. Date of issue: 2 April 2014 and 16 October 2014 respectively.
<b>Town Planning:</b>	Land Use Zoning : Residential. Building Site Coverage (KDB) : Maximum 70%.
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	15 September 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	9.25%
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 243,722,000,000/-</b> <b>(Indonesian Rupiahs Two Hundred Forty Three Billion Seven Hundred And Twenty Two Million Only).</b> Reflecting SGD 22,710,000, Singapore Dollars Twenty Two Million Seven Hundred And Ten Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by Monetary Authority of Singapore, “MAS”) as at the date of valuation.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

<b>12.2 Siloam Sriwijaya (“SS”)</b>	
<b>Property Description:</b>	Siloam Sriwijaya comprises a 7-storey hospital building with a maximum capacity of 357 beds.
<b>Address:</b>	Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia.
<b>Strata Floor Area (SFA):</b>	The total hospital strata floor area and hospital common area is 15,708.67 square meters of which 3,526.48 square meters is hospital common area and 12,182.19 square meters is hospital strata floor area.
<b>Registered Proprietor:</b>	PT Sriwijaya Mega Abadi.

## 12.2 Siloam Sriwijaya (“SS”)

<b>Land/ Strata Titles:</b>	<p>We have been informed by the Client that legal title consists of 8 (eight) strata-title certificates (SHMASRS) with total area of 12,182.19 square meters and the ownership of the Subject Property is under the name of PT Sriwijaya Mega Abadi.</p> <p>The eight (8) SHMSRS stand over a common land certificate of HGB No. 828/Lorok Pajo and are summarised as follows:</p> <ol style="list-style-type: none"> <li>1. SHMSRS No.6987/GF/RS/01/LorokPakjo.                     <ul style="list-style-type: none"> <li>Registered Proprietor : PT Sriwijaya Mega Abadi.</li> <li>Issuance Date : 10 December 2014.</li> <li>Expiry Date : 3 February 2044</li> <li>Measurement Letter No. : 00009/2014.</li> <li>Measurement Letter Date : 10 December 2014.</li> <li>Building Area : 937.8 square meters.</li> </ul> </li> <li>2. SHMSRS No.6995/UG/RS/01/LorokPakjo.                     <ul style="list-style-type: none"> <li>Registered Proprietor : PT Sriwijaya Mega Abadi.</li> <li>Issuance Date : 10 December 2014.</li> <li>Expiry Date : 3 February 2044</li> <li>Measurement Letter No. : 00017/2014.</li> <li>Measurement Letter Date : 10 December 2014.</li> <li>Building Area : 2,281.53 square meters.</li> </ul> </li> <li>3. SHMSRS No.6994/01/RS/01/LorokPakjo.                     <ul style="list-style-type: none"> <li>Registered Proprietor : PT Sriwijaya Mega Abadi.</li> <li>Issuance Date : 10 December 2014.</li> <li>Expiry Date : 3 February 2044</li> <li>Measurement Letter No. : 00016/2014.</li> <li>Measurement Letter Date : 10 December 2014.</li> <li>Building Area : 1,726.9 square meters.</li> </ul> </li> <li>4. SHMSRS No.6986/02/RS/01/LorokPakjo.                     <ul style="list-style-type: none"> <li>Registered Proprietor : PT Sriwijaya Mega Abadi.</li> <li>Issuance Date : 10 December 2014.</li> <li>Expiry Date : 3 February 2044</li> <li>Measurement Letter No. : 00008/2014.</li> <li>Measurement Letter Date : 10 December 2014.</li> </ul> </li> </ol>
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## 12.2 Siloam Sriwijaya (“SS”)

	Building Area : 1,644.3 square meters. 5. SHMSRS No.6983/03/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00005/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 6. SHMSRS No.6985/05/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00007/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 7. SHMSRS No.6993/06/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00015/2014. Measurement Letter Date : 10 December 2014. Building Area : 1,681.82 square meters. 8. SHMSRS No.6982/RM/RS/01/LorokPakjo. Registered Proprietor : PT Sriwijaya Mega Abadi. Issuance Date : 10 December 2014. Expiry Date : 3 February 2044 Measurement Letter No. : 00004/2014. Measurement Letter Date : 10 December 2014. Building Area : 546.2 square meters. The Strata title certificates is under HGB Right to Build detailed as follow: HGB (Right to Build) Title No.828/LorokPakjo. Registered Proprietor : PT Palembang Paragon Mall.
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<b>12.2 Siloam Sriwijaya (“SS”)</b>	
	<p>Issuance Date : 19 February 2014.</p> <p>Expiry Date : 3 February 2044.</p> <p>Measurement Letter No. : 12/LorokPakjo/2014.</p> <p>Measurement Letter Date : 6 February 2014.</p> <p>Land Area : 23,311 square meters.</p> <p>Remark : The HGB Title is a HGB under Right to Manage (Hak Pengelolaan) No.93/Lorok Pakjo.</p> <p>BOT Agreement was made on 25 January 2011, Government of South Sumatera (the "Land Owner") and PT Palembang Paragon Mall (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.003/SPK/VI/2011. All parties agreed that the BOT period start from 25 January 2011 until 24 January 2041. The Property Company shall build and operate the hospital and other facilities. BOT Title Expiry takes precedence over HGB Land Title Expiry</p>
<b>Summary of Rental Terms:</b>	<p>The following summarises the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Sriwijaya Mega Abadi.</p> <p>Tenant : PT Metropolis Propertindo Utama.</p> <p>Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent: : S\$2,016,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent Computation : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p>



<b>12.2 Siloam Sriwijaya (“SS”)</b>	
	<p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no. : 362/IMB/2011 Date of issue : 27 April 2011
<b>Town Planning:</b>	Land Use Zoning : Trade and Service zone.
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	12 September 2020

<b>12.2 Siloam Sriwijaya (“SS”)</b>	
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	Nil
<b>Market Value, as at 2 November 2020 based on conditions in the agreed Term Sheet:</b>	<b>IDR 262,629,000,000/-</b> <b>(Indonesian Rupiahs Two Hundred Sixty Two Billion Six Hundred And Twenty Nine Million Only).</b>
	Reflecting SGD 24,470,000, Singapore Dollars Twenty Four Million Four Hundred And Seventy Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.
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<b>12.3 Siloam Hospitals Kupang (“SHKP”)</b>	
<b>Property Description:</b>	Siloam Hospitals Kupang comprises a 4-storey purpose-built hospital. SHKP has a maximum capacity of 416 beds.  We note that there is an adjoining retail building - Lippo Plaza Kupang to SHKP, which is under a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Kupang only and does not include Lippo Plaza Kupang.
<b>Address:</b>	Jalan Veteran No. 4, Subdistrict of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur - Indonesia.
<b>Land Area:</b>	66,060 square meters. (Total lot size inclusive of Lippo Plaza Kupang)
<b>Gross Floor Area (GFA):</b>	21,593 square meters. (for Siloam Hospitals Kupang only)
<b>Registered Proprietor:</b>	PT Nusa Bahana Niaga.
<b>Land Titles:</b>	1. Right to Build Certificate No. 247/Fatululi.  Proprietor Name : PT Nusa Bahana Niaga. Issuance Date : 11 May 2016. Expiry Date : 10 May 2046. Measurement Letter No. : 256/Fatululi/2016. Measurement Letter Date : 29 April 2016. Land Area : 66,060 square meters.

<b>12.3 Siloam Hospitals Kupang (“SHKP”)</b>	
	<p>HPL / Hak Pengelolaan (Right to Manage) Title No. 01/Fatululi.</p> <p>BOT Agreement was made on 12 May 2011 between PT Nusa Bahana Niaga as the BOT holder, and Pemerintah Propinsi Nusa Tenggara Timur (Provincial Government of Nusa Tenggara Timur) as the land owner for the period of 12 May 2011 till 12 May 2041 (30 years after the BOT Extension) and its Addendum No. HK.34/2016 dated 5 December 2016. BOT Title Expiry takes precedence over HGB Land Title Expiry.</p>
<b>Summary of Rental Terms:</b>	<p>The following summarizes the salient aspects of the mutually agreed Term Sheet as at 2 November 2020 and signed MOU dated 28 November 2020, which are applicable to our valuation analysis:</p> <p>Landlord : PT Nusa Bahana Niaga.</p> <p>Tenant : PT Metropolis Propertindo Utama.</p> <p>Building Type : Hospital.</p>
	<p>Commencement</p> <p>Base Rent: : S\$1,978,000.</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p>Escalation : Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements (“MLAs”).</p> <p>First Lease Year and subsequent Lease Year Rent : The Commencement Base Rent will be pro-rated from the commencement date of 1 January 2021 up to 30 September 2021 (the “First Lease Year”). Commencement Base Rent X number of days in First Lease Year / 365 days.</p> <p>Computation : Subsequent to the First Lease Year, the second year of the lease (the “Second Lease Year”) of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) Gross Operating Revenue for each respective hospital (“GOR”); or</li> <li>ii. the Commencement Base Rent X (1 + S) = Second Lease Year Base Rent (the “Second Lease Year Base Rent”), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ol>

<b>12.3 Siloam Hospitals Kupang (“SHKP”)</b>	
	<p>For the Third Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the Second Lease Year Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ul style="list-style-type: none"> <li>i. 8.0% of the preceding financial year’s (period from 1 January through 31 December) GOR for each respective hospital; or</li> <li>ii. the preceding year’s Base Rent X (1 + S), where “S” is the Escalation amounting to 4.5%. For the avoidance of doubt, (1 + S) will equal 1.045.</li> </ul> <p>Commencement                      Date : 1 January 2021.                      Lease Term : 15 years from the commencement date of the revised MLAs, with an option for a further 15 year renewal term.</p>
<b>Building Permit:</b>	License no. : 027/BPPT/640.644/002.KDB/1/2013 and 196 / BPPT/ 640.644/002.KOB/V/2014 Date of issue : 16 January 2013 and 12 May 2014 respectively.
<b>Town Planning:</b>	Land Use Zoning : Trade and Services zone Building Site Coverage : 60%
<b>Valuation Approach:</b>	Income Approach with Discounted Cash Flow Method.
<b>Date Inspected:</b>	16 October 2020
<b>Date of Valuation:</b>	2 November 2020
<b>Discount Rate:</b>	11.70%
<b>Terminal Yield:</b>	Nil
<b>Market Value, as at 2 November 2020</b>	<b>IDR 228,290,000,000/- (Indonesian Rupiahs Two Hundred Twenty Eight Billion Two Hundred And Ninety Million Only).</b>

<b>12.3 Siloam Hospitals Kupang (“SHKP”)</b>	
<b>based on conditions in the agreed Term Sheet:</b>	Reflecting SGD 21,270,000, Singapore Dollars Twenty One Million Two Hundred And Seventy Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.  We noted there is another existing Master Lease Agreement for Lippo Plaza Kupang and this value excludes the value of Lippo Plaza Kupang.
This summary is strictly confidential to the addressee. It must not be copied, distributed or considered in isolation from the full report.	

### 13. Valuation Assumptions

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

No allowance has been made for any changes, mortgages or amounts owing on the Property or for any expense or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

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

Factors such as the free cash flow, rent over earnings before interest, taxes, depreciation, amortisation and rental (“EBITDAR”) ratio of the Lippo Karawaci Hospitals was taken into consideration when determining the base rent. Given the absence of direct comparable evidence within the direct Indonesia market, the broader ASEAN and North America regions healthcare REITs lease structures such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been utilised as comparables. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold on the basis of their trading

potential. We note that the calculation of the proposed contract rental has been assessed via a ratio of the Rental / EBITDAR, which is typical and reflective of the asset as a trade related property. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% which we believe to be broadly reasonable.

Due to scarcity and confidentiality of hospitals assets, hospital rentals are hardly accessible as lease terms are normally long term and rarely being transacted as compared to other commercial properties. Hospitals are more commonly found to be built-to-suit and owner operated. Hence, there are limited transactions for direct comparison available publicly due to the scarcity of such premises in the property market.

As such, in order to understand the reasonableness of the base rent, we have made comparisons with other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality have been utilised as proxy property comparables as they are similar to hospitals in nature. While office properties are selected due to the similarities with the consultation and administrative nature of the hospitals.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

In addition, we observed that the annualised rental growth in retail and commercial properties ranges approximately 3% – 5%. Therefore, we are of the opinion that the fixed base rental growth rate of 4.5% per annum in the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, a scenario has been conducted at the request of the Manager with the assumption that with the same initial base rent denominated in Singapore Dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 7% lower in aggregate, than the valuations undertaken for this exercise.

#### **14. Valuation Methodology and Commentary**

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

### Discounted Cash Flow Method

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

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

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

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

## 15. Valuation Summary

Having regard to the foregoing and the present market conditions, we are of the opinion that the aggregate market value as at 2 November 2020 of the 3 properties; subject to the existing tenancies and assuming free from encumbrances, is in the region of:

No	Description	Market Value (IDR, millions)	Market Value (SGD)
1	Siloam Hospitals Purwakarta	243,722	22,710,000
2	Siloam Sriwijaya	262,629	24,470,000
3	Siloam Hospitals Kupang	228,290	21,270,000
<b>TOTAL</b>		<b>734,641</b>	<b>68,450,000</b>

**IDR 734,641,000,000/-**

**(Indonesian Rupiah Seven Hundred Thirty Four Billion Six Hundred And Forty One Million Only)**

Reflecting SGD 68,450,000, Singapore Dollars Sixty Eight Million Four Hundred And Fifty Thousand Only, at the exchange rate of S\$1 = IDR 10,732 (daily exchange rate by MAS) as at the date of valuation.

## **A Instructions**

This valuation report has been prepared in accordance with your appointment to proceed with the valuation via your acceptance of our proposal dated 10 September 2020 and prior email correspondences.

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

Information supplied to us is listed in Appendix 2.



## **Appendix 1 Terms & Conditions**

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

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

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

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

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

- or which is likely to give rise, to any failure or delay in the performance of our obligations, we will notify you by the most expeditious method then available.
20. Our pricing structure has been established by reference to these limitations on our liability and our level of professional indemnity insurance in respect of the services we provide. If you feel that it is necessary to discuss with us a variation in these levels, then please raise the issue with your client partner who will be able to let you have proposals for a revised pricing structure to reflect the agreed level of our liability and/or professional indemnity cover.
21. Responsibility for our valuation extends only to the party(ies) to whom it is addressed. However, in the event of us being asked by you to re-address our report to another party or other parties or permit reliance upon it by another party or other parties, we will give consideration to doing so, to named parties, subject to payment of additional fees.
- These fees are exclusive of GST & expenses (including the cost of re-addressing the report) and are subject to a minimum fee of S\$1,000. Should additional work be involved, over and above that undertaken to provide the initial report, we may make a further charge although we will agree this with you before commencing the work.
22. Where we consent to reliance on our report by another party or other parties, we do so on the basis that these terms and conditions will apply to the new addressee(s) as if it/they had been a party to the original letter of engagement between us. Where we consent to such reliance, you agree to furnish the addressee with a copy of any reliance letter issued by us and/or a copy of these terms and conditions.
23. Where you provide a copy of and/or permit another party or parties to rely upon our valuation report without obtaining our express written consent (in accordance with clauses 21 and 22 above), you agree to indemnify and us, our affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including reasonable attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the valuation report by any such unauthorised person or entity.
24. Save where we have consented to another party or other parties relying on the valuation report in accordance with clauses 21 and 22, where a valuation report is prepared or where we consent to a valuation report being used for the purpose of a public offering in accordance with any stock exchange listing rules, you agree to indemnify us for any liability whatsoever that we have to any party or parties which exceeds our aggregate cap on liability (referred to in clause 18) which arises from their use and/or reliance on the valuation report.
25. Where reference is made to "Reinstatement Cost for Insurance Values", such insurance value is the value of property on the appropriate basis as defined in the insurance contract or policy.
26. Where reference is made to "Forced Sale Value", such value is the amount that may reasonably be received from the sale of a property under (forced sale) conditions that do not meet all the criteria of a normal market transaction. Such Forced Sale Value is not a representation of the market value.
27. The report is prepared on the basis that we are not required to give testimony or appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

28.

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

## **Appendix 2 Information Supplied**

We have been supplied with the following information: -

<b>Information</b>	<b>Source</b>
1. Copy of Title Search/Site Plan	Local Map Service Provider
2. Copy of floor plans, rent rolls, gross floor area, net lettable area and property information	Manager
3. Copy of hospital projected revenues	Manager
4. Master lease agreements	Manager

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First REIT Management Limited  
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or the “**Client**”).  
333 Orchard Road #33-02  
Singapore 049321

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

**Re : Valuation Summary of Eleven Properties in Indonesia.**

#### **The Instruction**

Based on the Proposal Number 285/W&R-Proposal/IX/2020 dated 14 September 2020, First REIT Management Limited (the “Company”) has instructed Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation of Siloam Properties.

#### **Valuer Competency**

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

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company which is centered in London – England and has a network of 488 offices in 57 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.09.00205 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No.129/PM.223/2019.

#### **Valuation Purposes**

The Company required this valuation for the Master Lease Arrangement renewal purposes on the basis that the property are operated on the ongoing basis. This valuation report will be included in the Offer Information Statement to be issued by the Manager in due course.

#### **The Valuation Cut-Off Date**

The Cut-Off Date of this valuation is 2 November 2020.

#### **Basis of Valuation**

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

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

**Subject Properties**

**1. Siloam Hospital Lippo Village (“SHLV”)**

Building Description : The subject property is Siloam Hospital Lippo Village (“SHLV”) that comprises of a 10-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.

Address : Jalan Siloam No. 6, Lippo Karawaci Township, in the Sub-District of Bencong, District of Curug, Regency of Tangerang, Province of Banten, Indonesia.

Land Area : 17,442 square meters.

Gross Floor Area : 32,696 square meters.

Registered Proprietor : PT Sentra Dinamika Perkasa.

Land Titles : 1. Hak Guna Bangunan (Right to Build) No.3867/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 26 December 2011.
- Expiry Date : 25 December 2039.
- Measurement Deed : 16199/1991.
- Date of Situation Drawing : 17 Dec 1991.
- Land Area : 1,550 square meters.

2. HGB (Right to Build) Title No. 01260/Bencong Indah.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 2 June 1997.
- Expiry Date : 26 July 2032.
- Measurement Deed : 31/Bencong Indah/2012.
- Date of Situation Drawing : 11 May 2012.
- Land Area : 731 square meters.

3. HGB (Right to Build) Title No. 01261/Bencong Indah.

- Registered Proprietor : PT Sentra Dinamika Perkasa
- Issuance Date : 27 July 1992.
- Expiry Date : 26 July 2032.
- Measurement Deed : 11 May 2012.
- Date of Situation Drawing : 32/Bencong Indah/2012.
- Land Area : 2,335 square meters.

4. HGB (Right to Build) Title No. 6938/Bencong

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 26 October 1995.
- Expiry Date : 26 October 2035.
- Measurement Deed : 11331/1995.
- Date of Situation Drawing : 19 July 1995.
- Land Area : 500 square meters.

5. HGB (Right to Build) Title No. 9687/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 2 June 1997.
- Expiry Date : 25 December 2031.
- Measurement Deed : 16729/1997.
- Date of Situation Drawing : 26 May 1997.
- Land Area : 6,877 square meters.

6. HGB (Right to Build) Title No. 10186/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 8 September 1997.
- Expiry Date : 24 September 2022.
- Measurement Deed : 26280/1997.
- Date of Situation Drawing : 2 September 1997.
- Land Area : 2,135 square meters.

7. HGB (Right to Build) Title No. 10187/Bencong.

- Registered Proprietor : PT Sentra Dinamika Perkasa.
- Issuance Date : 8 September 1997.
- Expiry Date : 24 September 2022.
- Measurement Deed : 26281/1997.
- Date of Situation Drawing : 2 September 1997.
- Land Area : 3,314 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Sentra Dinamika Perkasa.
- Tenant : PT Lippo Karawaci Tbk.
- Property : Siloam Hospitals Lippo Karawaci (SHLV) located at Jalan Siloam No. 6, Lippo Karawaci 1600, Tangerang; together with the mechanical and electrical equipment (as listed in Schedule 1 of the Lease Agreement) located in the Property.
- Building Type : Hospital.
- Lettable Area : 32,696 square meters.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Twelve Million Nine Hundred Fifty Two Thousand (S\$12,952,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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



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

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

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

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

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.						
Building Permit	:	<ol style="list-style-type: none"> <li>1. Izin Mendirikan Bangunan (License to Build) No. 645.3/114-DPU/1994 dated 21 June 1994; to construct a 9-level hospital building with a total floor area of 26,503 square meters.</li> <li>2. Izin Mendirikan Bangunan (License to Build) No. 645.3/461-DB/2000 dated 7 September 2000; to construct RMI room with a total floor area of 59 square meters. Building Permit No.644.1/1103-BP2T/2010, dated 10 December 2010, issued by Bupati Kabupaten Tangerang.</li> </ol>						
Town Planning	:	<p>We also have managed to confirm to the Regional Town Planning Office and get the latest zoning regulation Peraturan Daerah Kota Kabupaten Tangerang Nomor 13 Tahun 2011 Tentang Rencana Tata Ruang Wilayah (RTRW) Kabupaten Tangerang Tahun 2011-2031 with the details stipulated in Appendix XIV Peta Rencana Pola Ruang Kabupaten Tangerang:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Land Use Zoning</td> <td>:</td> <td>Public and social service zone.</td> </tr> <tr> <td>Building Site Coverage (KDB)</td> <td>:</td> <td>30%</td> </tr> </table>	Land Use Zoning	:	Public and social service zone.	Building Site Coverage (KDB)	:	30%
Land Use Zoning	:	Public and social service zone.						
Building Site Coverage (KDB)	:	30%						
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.						
Date of Inspection	:	23 September 2020.						
Date of Valuation	:	2 November 2020.						
Terminal Capitalisation Rate	:	8.93%.						
Discount Rate	:	12.02%.						
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<p><b>Rp1,747,885,000,000.-</b>  <b>(Indonesian Rupiah One Trillion Seven Hundred Forty-Seven Billion Eight Hundred Eighty-Five Million Only).</b></p> <p>Reflecting Singapore Dollars S\$162,313,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.</p>						

**2. Siloam Hospital Surabaya (“SHS”)**

- Building Description : Siloam Hospital Surabaya that comprises of 5-storey building with a maximum capacity of 160 beds and is equipped with good quality modern healthcare facilities
- Address : Jalan Raya Gubeng No.70, Sub-District Of Gubeng, District Of Gubeng, City Of Surabaya, Province Of East Java, Indonesia..
- Land Area : 4,306 square meters.
- Gross Floor Area : 9,065 square meters.
- Registered Proprietor : PT Tata Prima Indah.
- Land Titles :
- 1.HGB (Right To Build) Title No. 343/Gubeng.
    - Registered Proprietor : PT Tata Prima Indah.
    - Land Area : 1,891 square meters.
    - Issuance Date : 29 June 1994.
    - Expiry Date : 8 May 2034.
    - Measurement Letter Number : 11.165/1993.
    - Measurement Letter Date : 10 July 1993.
  - 2.HGB (Right To Build) Title No. 340/Gubeng.
    - Registered Proprietor : PT Tata Prima Indah.
    - Land Area : 641 square meters.
    - Issuance Date : 10 June 1994.
    - Expiry Date : 8 May 2034.
    - Measurement Letter Number : 11.170/1993.
    - Measurement Letter Date : 10 July 1993.
  - 3.HGB (Right To Build) Title No. 408/Gubeng.
    - Registered Proprietor : PT Tata Prima Indah.
    - Land Area : 635 square meters.
    - Issuance Date : 13 March 1997.
    - Expiry Date : 24 September 2026.
    - Measurement Letter Number : 70/1997.
    - Measurement Letter Date : 12 March 1997.
  - 4.HGB (Right To Build) Title No. 494/Gubeng.
    - Registered Proprietor : PT Tata Prima Indah.
    - Land Area : 684 square meters.
    - Issuance Date : 16 February 2004.
    - Expiry Date : 7 September 2023.
    - Measurement Letter Number : 169/Gubeng/2003.
    - Measurement Letter Date : 29 December 2003.
  - 5.HGB (Right To Build) Title No. 476/Gubeng.
    - Registered Proprietor : PT Tata Prima Indah.
    - Land Area : 455 square meters.
    - Issuance Date : 13 February 2002.
    - Expiry Date : 26 November 2021.
    - Measurement Letter Number : 13/T/1972.
    - Measurement Letter Date : 20 March 1972.
- Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis:
- Landlord : PT Tata Prima Indah.
  - Tenant : PT Lippo Karawaci Tbk.
  - Property : Siloam Hospitals Surabaya located at Jalan Raya Gubeng No.70, Sub-District Of Gubeng, District Of Gubeng, City Of Surabaya, Province Of East Java, Indonesia; together with the mechanical and electrical

- Building Type : Hospital.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million Seven Hundred and Eighty Thousand (S\$2,780,000).

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

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

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

Commencement Base Rent x number of days in First Lease Year / 365 days.  
Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

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

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

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

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Building Permit	:	-	Building Permit No. 6901/1303-699 date Issued 28 June 1977.
			-
			Building Permit No. 188.45/801.92/402.5,09/1994 date Issued 29 March 1994.
			-
			Building Permit No. 188/1926-92/402.5.09/1999 date Issued 18 December 1999.
Town Planning	:	Zonation of The Subject Property are as follow (based on Surabaya City Government Regulation No.8, years 2018 regarding Planning Regulation (RDTR) of Surabaya City :	
		Land Zoning	: Public and Social Service.
		Building Site Coverage (KDB)	: 50%.
		Building Plot Ratio (KLB)	: 3.5 – 6.
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.	
Date of Inspection	:	30 September 2020.	
Date of Valuation	:	2 November 2020.	
Terminal Capitalisation Rate	:	8.19%	
Discount Rate	:	12.02%	
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp435,797,000,000.-</b> <b>(Indonesian Rupiah Four Hundred Thirty-Five Billion Seven Hundred Ninety-Seven Million Only).</b>	
		Reflecting Singapore Dollars S\$40,469,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.	

### 3. Siloam Hospital Kebon Jeruk (“SHKJ”)

Building Description	:	The subject property is Siloam Hospital Kebon Jeruk (“SHKJ”) that comprises of a 3-storey and 6-storey buildings with a maximum capacity 285 beds.
Address	:	Jalan Raya Perjuangan, Sub-District of Kebon Jeruk, District of Kebon Jeruk, City of West Jakarta, Province of DKI Jakarta, Indonesia.
Land Area	:	11,420 square meters.
Gross Floor Area	:	20,268 square meters.
Registered Proprietor	:	PT Graha Indah Pratama.
Land Titles	:	HGB (Right To Build) Title No. 1313/Kebon Jeruk. <ul style="list-style-type: none"> <li>• Registered Proprietor : PT Graha Indah Pratama.</li> <li>• Issuance Date : 11 August 1997.</li> <li>• Expiry Date : 10 August 2037.</li> <li>• Measurement Deed : 6358/1997.</li> <li>• Date of Situation Drawing : 7 August 1997.</li> <li>• Land Area : 11,420 square meters.</li> </ul>
Summary of Rental Terms	:	The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis: <ul style="list-style-type: none"> <li>• Landlord : PT Graha Indah Pratama.</li> <li>• Tenant : PT Lippo Karawaci Tbk.</li> <li>• Property : Siloam Hospitals Kebon Jeruk located at Jalan Raya Perjuangan, West Jakarta; together with the mechanical and electrical equipment (as listed in</li> </ul>

Schedule 1 of the Lease Agreement) located in the Property.

- Building Type : Hospital.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Four Million Eight Hundred Twenty One Thousand (S\$4,821,000).

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

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

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

Commencement Base Rent x number of days in First Lease Year / 365 days.  
Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

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

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

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

- Building Permit : - Building Permit No. 15552/IMB/1994 Issued date 05 January 1984.  
- Building Permit No. 7948/IMB/1990 Issued 25 September 1990.  
- Building Permit No. 5451/IMB/1991 Issued 21 June 1991.

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Town Planning	:	Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta) :
		Land Zoning : Public and Social Service.
		Building Site Coverage (KDB) : 55%.
		Building Plot Ratio (KLB) : 6.
		Height Limitation : 40 Storey.
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	18 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	9.37%
Discount Rate	:	12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp738,468,000,000.-</b> <b>(Indonesian Rupiah Seven Hundred Thirty-Eight Billion Four Hundred Sixty-Eight Million Only).</b>
		Reflecting Singapore Dollars S\$68,576,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

#### 4. Mochtar Riady Comprehensive Cancer Centre ("MRCCC")

Building Description	:	The subject property is Mochtar Riady Comprehensive Cancer Centre ("MRCCC") that comprises of a 29-storeys hospital building with 2 (two) basement level with a maximum capacity of 334 beds.
Address	:	Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta – Indonesia.
Land Area	:	4,145 square meters.
Gross Floor Area	:	37,933 square meters.
Registered Proprietor	:	PT. Primatama Cemerlang.
Land Titles	:	Hak Guna Bangunan (Right to Build)No.277/Karet Semanggi. <ul style="list-style-type: none"> <li>• Registered Proprietor : PT. Primatama Cemerlang.</li> <li>• Issuance Date : 22 August 1997.</li> <li>• Expiry Date : 26 August 2035.</li> <li>• Measurement Deed : 3717/1997.</li> <li>• Date of Situation Drawing : 14 August 1997.</li> <li>• Land Area : 4,145 square meters.</li> </ul>
Summary of Rental Terms	:	The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis : <ul style="list-style-type: none"> <li>• Landlord : PT Primatama Cemerlang.</li> <li>• Tenant : PT Lippo Karawaci Tbk.</li> <li>• Property : Mochtar Riady Comprehensive Cancer Centre ("MRCCC") located at Jalan Garnisum Dalam No.2-3, Sub District of Karet Semanggi, District of Setiabudi, City of South Jakarta, Province of DKI Jakarta, Indonesia; together with the mechanical and electrical equipment (as listed in Appendix A of the Lease Agreement) located in the Subject Property.</li> </ul>

- Building Type : Hospital.
- Lettable Area : 37,933 square meters.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Nine Million Nine Hundred Sixty Seven Thousand (S\$9,967,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : Hospital and facilities, based on Permit (Izin Mendirikan Bangunan) No.5204/IMB/2009 dated 2 June 2009.

Town Planning : Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta ) :



	Land Use Zoning	:	Public and social service zone.
	Building Site Coverage (KDB)	:	30%
	Building Plot Ratio (KLB)	:	5.5
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.	
Date of Inspection	:	23 September 2020.	
Date of Valuation	:	2 November 2020.	
Terminal Capitalisation Rate	:	9.51%	
Discount Rate	:	12.02%	
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp1,309,157,000,000.-</b> <b>(Indonesian Rupiah One Trillion Three Hundred Nine Billion One Hundred Fifty Seven Million Only).</b>	
		Reflecting Singapore Dollars S\$121,572,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.	

**5. Siloam Hospital Makassar (“SHMK”)**

Building Description	:	A 8-storeys hospital building with roof floor & 1 basement.	
Address	:	Jalan Metro Tanjung Bunga Kav 3-5, Sub district of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia.	
Land Area	:	3,963 square meters.	
Gross Floor Area	:	14,307 square meters.	
Registered Proprietor	:	PT Bayutama Sukses.	
Land Titles	:	Hak Guna Bangunan (Right to Build) No.20007/Penambungan. - Registered Proprietor : PT Bayutama Sukses. - Issuance Date : 21 March 2012. - Expiry Date : 22 December 2031. - Land Area : 3,963 square meters. - Measurement Deed : 00489/2012. - Date of Situation Drawing : 16 March 2012.	
Summary of Rental Terms	:	The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis :	
	Landlord	:	PT Bayutama Sukses.
	Tenant	:	PT Lippo Karawaci Tbk.
	Property	:	Siloam Hospitals Makassar (“SHMK”) located at Jalan Metro Tanjung Bunga Kav 3-5, Sub-District of Panambungan, District of Mariso, City of Makassar, Province of South Sulawesi, Indonesia; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property.
	Building Type	:	Hospital.
	Lettable Area	:	14,307 square meters.
	Commencement Date	:	1 January 2021.



Rent	<p>: <u>Commencement Base Rent:</u>          The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Five Million Two Hundred and Fifty One Thousand (S\$5,251,000).</p> <p>On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.</p> <p><u>Escalation:</u>          Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").</p> <p><u>First Lease Year and subsequent Lease Year Rent Computation</u>          The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").</p> <p>Commencement Base Rent x number of days in First Lease Year / 365 days.          Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.</p> <p>For the Second Lease Year of the Master Lease Agreement, the adopted Annual Rent will be the higher of:</p> <ol style="list-style-type: none"> <li>1. 8.0% of the preceding financial year's Gross Operating Revenue for each hospital ("GOR") - period from 1 January through 31 December; or</li> <li>2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.</li> </ol> <p>For subsequent lease years, the adopted annual rent will be the higher of:</p> <ol style="list-style-type: none"> <li>1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or</li> <li>2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.</li> </ol>
Lease Term	<p>: 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.</p>
Building Permit	<p>: Hospital and facilities, based on License to Build No. 503/8525/IMB-B/01/DPM-PTSP and No.503/0436/IMB/09/KPAP.</p>
Town Planning	<p>: Based on Peraturan Daerah No. 4 Tahun 2015 Kota Makassar :</p> <p style="padding-left: 20px;">Land Use Zoning : Mixed Use.</p> <p style="padding-left: 20px;">Building Site Coverage : 40% - 60%.</p>

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Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	30 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	8.90%
Discount Rate	:	12.02%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp713,247,000,000.-</b> <b>(Indonesian Rupiah Seven Hundred Thirteen Billion Two Hundred Forty-Seven Million Only).</b>
		Reflecting Singapore Dollars S\$66,234,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

**6. Manado Property (comprises of Siloam Hospitals Manado (“SHMD”) & Hotel Aryaduta Manado (“HAMD”))**

Building Description	:	An 11-storey mixed use development of 4-levels hospital with 238 beds and 200 hotel rooms.
Address	:	Jalan Sam Ratulangi No.22, Boulevard Center Complex, Wenang Utara, Manado, North Sulawesi, Indonesia.
Land Area	:	5,518 square meters.
Gross Floor Area	:	36,051 square meters.
Registered Proprietor	:	PT. Menara Abadi Megah.
Land Titles	:	<ol style="list-style-type: none"> <li>Right to Build Certificate No. 55/Wenang Utara. <ul style="list-style-type: none"> <li>Proprietor Name : PT Menara Abadi Megah.</li> <li>Issuance Date : 21 September 1992.</li> <li>Expiry Date : 18 May 2032.</li> <li>Measurement Letter No. : 1612/1992.</li> <li>Measurement Letter Date : 17 September 1992.</li> <li>Land Area : 964 square meters.</li> </ul> </li> <li>Right to Build Certificate No. 56/Wenang Utara. <ul style="list-style-type: none"> <li>Proprietor Name : PT Menara Abadi Megah.</li> <li>Issuance Date : 21 September 1992.</li> <li>Expiry Date : 18 May 2032.</li> <li>Measurement Letter No. : 1613/1992.</li> <li>Measurement Letter Date : 17 September 1992.</li> <li>Land Area : 1,272 square meters.</li> </ul> </li> <li>Right to Build Certificate No. 57/Wenang Utara. <ul style="list-style-type: none"> <li>Proprietor Name : PT Menara Abadi Megah.</li> <li>Issuance Date : 21 September 1992.</li> <li>Expiry Date : 18 May 2032.</li> <li>Measurement Letter No. : 1614/1992.</li> <li>Measurement Letter Date : 17 September 1992.</li> <li>Land Area : 795 square meters.</li> </ul> </li> <li>Right to Build Certificate No. 58/Wenang Utara. <ul style="list-style-type: none"> <li>Proprietor Name : PT Menara Abadi Megah.</li> <li>Issuance Date : 21 September 1992.</li> </ul> </li> </ol>

Expiry Date : 18 May 2032.  
 Measurement Letter No. : 1615/1992.  
 Measurement Letter Date : 17 September 1992.  
 Land Area : 1,049 square meters.

5. Right to Build Certificate No. 74/Wenang Utara.  
 Proprietor Name : PT Menara Abadi Megah.  
 Issuance Date : 11 November 1992.  
 Expiry Date : 18 May 2032.  
 Measurement Letter No. : 1944/1992.  
 Measurement Letter Date : 10 November 1992.  
 Land Area : 793 square meters.

6. Right to Build Certificate No. 75/Wenang Utara.  
 Proprietor Name : PT Menara Abadi Megah.  
 Issuance Date : 11 November 1992.  
 Expiry Date : 18 May 2032.  
 Measurement Letter No. : 1943/1992.  
 Measurement Letter Date : 10 November 1992.  
 Land Area : 645 square meters.

Building Permit : Hospital, hotel and facilities, based on License to Build No. 202/0182/0030/IMB/BP2T/I/2012.

Summary of Rental Terms : **6a. Siloam Hospitals Manado**

Building Type : Hospital.  
 Lettable Area : 11,476 square meters (exclusive of shared common space of 1,145 square meters).  
 Commencement Date : 1 January 2021  
 Rent : Commencement Base Rent:  
 The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Two Hundred Two Thousand (S\$3,202,000)

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

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

**6b. Hotel Aryaduta Manado**

- Building Type : Hotel.
- Lettable Area : 23,430 square meters (exclusive of shared common space of 1,145 square meters).
- Commencement Date : 1 January 2021
- MLA Expiry Date : 29 November 2027.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Three Hundred Seven Thousand (S\$3,307,000)

Escalation:

Base rent is subject to increase every year thereafter at a rate equal to 2 times the percentage increase of the Consumer Price Index of Singapore for the preceding calendar year, subject to a floor of 0% and cap of 2%.

Variable Rent:

The Variable Rent computed as follows:

- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 5% or more than but less than 15%, the Variable Rent payable shall be equivalent to 0.75% of such excess amount.
- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 15% or more than but less than 30%, the Variable Rent payable

shall be equivalent to 1.25% of such excess amount.

- The audited Gross Operating Revenue for the Preceding Financial Year exceeds the audited Gross Operating Revenue for the Further Preceding Financial Year by an amount of 30% or more, the Variable Rent payable shall be equivalent to 0.75% of such excess amount.

For the avoidance of doubt, where the audited Gross Operating Revenue for the Preceding Financial Year does not exceed the audited Gross Operating for the Further Preceding Financial Year by more than 5%, no variable rent is payable.

Town Planning : Based on Local Government Regulation No.1, years 2014 regarding Planning Regulation / RTRW 2014-2034 of Manado City :

Land Use Zoning : Office zone for commercial utilization (Trade and Services)  
 Building Site Coverage : 40% - 60%.

Valuation Approach : Income Approach with Discounted Cash Flow Method.

Date of Inspection : 18 September 2020.

Date of Valuation : 2 November 2020.

Terminal Capitalisation Rate : Siloam Hospitals : 9.21%.  
 Hotel Aryaduta : 10.98%

Discount Rate : Siloam Hospitals : 12.02%.  
 Hotel Aryaduta : 9.09%.

Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Siloam Hospitals Manado: Rp428,487,000,000.- (Indonesian Rupiah Four Hundred Twenty Eight Billion Four Hundred Eighty-Seven Million Only).**  
 Reflecting Singapore Dollars S\$39,790,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

**Aryaduta Hotel Manado : SGD35,678,000.- (Singapore Dollar Thirty Five Million Six Hundred Seventy Eight Thousand Only).**  
 Reflecting Indonesia Rupiah Rp384,207,000,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

**Total for Siloam Hospitals Manado & Aryaduta Hotel Manado : Rp812,694,000,000.- (Indonesian Rupiah Eight Hundred Twelve Billion Six Hundred Ninety-Four Million Only).**  
 Reflecting Singapore Dollars S\$75,468,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

## 7. Siloam Hospitals TB Simatupang (“SHTS”)

Building Description	:	Private General Hospital and 16-storey hospital building with 2 (two) level basement, with a maximum capacity of 269 beds.
Address	:	Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta – Indonesia.
Land Area	:	2,489 square meters.
Gross Floor Area	:	18,605 square meters.
Registered Proprietor	:	PT. Perisai Dunia Sejahtera.
Land Titles	:	Hak Guna Bangunan (Right to Build) No.2577/Cilandak Barat. <ul style="list-style-type: none"> <li>• Registered Proprietor : PT. Perisai Dunia Sejahtera.</li> <li>• Issuance Date : 28 March 2013.</li> <li>• Expiry Date : 28 September 2028.</li> <li>• Measurement Deed : 00073/Cilandak Barat/2013.</li> <li>• Date of Situation Drawing : 26 March 2013.</li> <li>• Land Area : 2,489 square meters.</li> </ul>
Summary of Rental Terms	:	The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis : <ul style="list-style-type: none"> <li>• Landlord : PT Perisai Dunia Sejahtera.</li> <li>• Tenant : PT Lippo Karawaci Tbk.</li> <li>• Property : Siloam Hospitals TB Simatupang located at Jalan TB Simatupang/Jalan RA Kartini No. 8, Sub-District of Cilandak Barat, District of Cilandak, Regency of South Jakarta, Province of DKI Jakarta – Indonesia; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property.</li> <li>• Building Type : Hospital.</li> <li>• Commencement Date : 1 January 2021.</li> <li>• Rent : <u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Three Million Three Hundred and Thirty Four Thousand (\$\$3,334,000).</li> </ul>

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

Commencement Base Rent x number of days in First Lease Year / 365 days.  
 Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

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

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

- Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit	:	Hospital and facilities, based on 2 Licenses consists of : - License No.11723/IMB/2012 Dated 8 October 2012. - License No.15006/IMB/2012 Dated 12 December 2012.
Town Planning	:	Zonation of The Subject Property are as follow (based on DKI Jakarta Government Regulation No.1, years 2014 regarding Planning Regulation of DKI Jakarta ) : Land Use Zoning : Public and social service zone. Building Site Coverage (KDB) : 30% Building Plot Ratio (KLB) : 3.5 Maximum Building Height : 24 Storeys
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	16 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	9.88%.
Discount Rate	:	12.02%.

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp433,192,000,000.- (Indonesian Rupiah Four Hundred Thirty-Three Billion One Hundred Ninety Two Million Only)**

Reflecting Singapore Dollars S\$40,227,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

**8. Siloam Hospitals Bali (“SHBL”)**

Building Description : Siloam Hospitals Bali comprises of a 4-storey hospital with one basement level. SHBL has a maximum capacity of 281 inpatient beds (based on official letter sign by director SHBL No.223/SHDP-SK/DIR/XII/2017), integrated with shops for related use (known as Lippo Plaza Sunset).

Address : Jalan Sunset Road No.818, Sub District of Kuta, District of Kuta, City of Badung, Province of Bali, Indonesia

Land Area : 9,025 square meters.

Gross Floor Area : 20,958 square meters.

Registered Proprietor : PT Dasa Graha Jaya.

- Land Titles :
1. Right To Build Certificate No. 911/Kuta.
    - Proprietor Name : PT Dasa Graha Jaya.
    - Issuance Date : 22 August 1998.
    - Expiry Date : 26 March 2038.
    - Measurement Letter No. : 458/1998.
    - Measurement Letter Date : 12 August 1998.
    - Land Area : 1,805 square meters.
  2. Right to Build Certificate No. 912/Kuta.
    - Proprietor Name : PT Dasa Graha Jaya.
    - Issuance Date : 22 August 1998.
    - Expiry Date : 26 March 2038.
    - Measurement Letter No. : 457/1998.
    - Measurement Letter Date : 12 August 1998.
    - Land Area : 950 square meters.
  3. Right to Build Certificate No. 913/Kuta.
    - Proprietor Name : PT Dasa Graha Jaya.
    - Issuance Date : 22 August 1998.
    - Expiry Date : 26 March 2038.
    - Measurement Letter No. : 456/1998.
    - Measurement Letter Date : 12 August 1998.
    - Land Area : 1,280 square meters.
  4. Right to Build Certificate No. 914/Kuta.
    - Proprietor Name : PT Dasa Graha Jaya.
    - Issuance Date : 22 August 1998.
    - Expiry Date : 26 March 2038.
    - Measurement Letter No. : 448/1998.
    - Measurement Letter Date : 12 August 1998.
    - Land Area : 990 square meters.
  5. Right to Build Certificate No. 915/Kuta.



- Proprietor Name : PT Dasa Graha Jaya.
  - Issuance Date : 22 August 1998.
  - Expiry Date : 26 March 2038.
  - Measurement Letter No. : 449/1998.
  - Measurement Letter Date : 12 August 1998.
  - Land Area : 1,200 square meters.
6. Right to Build Certificate No. 916/Kuta.
- Proprietor Name : PT Dasa Graha Jaya.
  - Issuance Date : 22 August 1998.
  - Expiry Date : 26 March 2038.
  - Measurement Letter No. : 459/1998.
  - Measurement Letter Date : 12 August 1998.
  - Land Area : 1,200 square meters.
7. Right to Build Certificate No. 917/Kuta.
- Proprietor Name : PT Dasa Graha Jaya.
  - Issuance Date : 22 August 1998.
  - Expiry Date : 26 March 2038.
  - Measurement Letter No. : 450/1998.
  - Measurement Letter Date : 12 August 1998.
  - Land Area : 1,600 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Dasa Graha Jaya.
- Tenant : PT Lippo Karawaci Tbk.
- Property : Four- storey hospital with one basement level accommodating 281 inpatient beds and integrated with shops for related use, which commenced operations on 17 December 2012.
- Building Type : Hospital
- Lettable Area : 20,958 square meter.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Five Million and Ten Thousand (S\$5,010,000).

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

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : License no.114 year 2011 date of issue 8 February 2011.

Town Planning : Zonation of The Subject Property are as follow (based on Badung Regency Regulation No.26, years 2013 regarding Planning Regulation of Badung Regency)  
 Land Use Zoning : Trade and service zone.  
 Building Site Coverage : Maximum 60%

Valuation Approach : Income Approach with Discounted Cash Flow Method.

Date of Inspection : 28 September 2020.

Date of Valuation : 2 November 2020.

Terminal Capitalisation Rate : 9.44%

Discount Rate : 12.02%

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp663,366,000,000.- (Indonesian Rupiah Six Hundred Sixty-Three Billion Three Hundred Sixty-Six Million Only).**

Reflecting Singapore Dollars S\$61,602,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

#### 9. Siloam Hospital Labuan Bajo (“SHLB”)

Building Description : The subject property is Siloam Hospital Labuan Bajo (“SHLB”) that comprises of a 3-storeys hospital building with a maximum capacity of 153 beds.

Address : Jalan Gabriel Gampur, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur, Indonesia.

Land Area : 2,837 square meters.

Gross Floor Area : 7,604 square meters.

Registered Proprietor : PT Prima Labuan Bajo.

Land Titles : Hak Guna Bangunan (Right to Build) No.00029/Gorontalo.

- Registered Proprietor : PT Prima Labuan Bajo.
- Issuance Date : 11 May 2016.
- Expiry Date : 11 May 2046.
- Measurement No. : 401/Gorontalo/2016.
- Measurement Date : 26 April 2016.
- Land Area : 2,837 square meter.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Prima Labuan Bajo.
- Tenant : PT Lippo Karawaci Tbk, and PT Lintas Buana Jaya.
- Property : Siloam Hospitals Labuan Bajo (“SHLB”) located at Jalan Gabriel Gampur, Village of Gorontalo, District of Komodo, Regency of Manggarai Barat, Province of Nusa Tenggara Timur, Indonesia.
- Building Type : Hospital.
- Lettable Area : 7,604 square meters.
- Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Eight Hundred Eighty Four Thousand (S\$884,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.									
Building Permit	:	Izin Mendirikan Bangunan (Building Permit) No.BPMPPT.503.660/IMB/014/VI/2015 dated 22 June 2015.									
Operating License	:	Manggarai Barat Government Decree No.188.KEP/HK/2016, expiry dated September 2021.									
Town Planning	:	Zonation of The Subject Property are as follow (based on Regent Regulation No.10 Year 2020 regarding Spatial Utilization Regulation and Spatial Utilization Principle Permit ( <i>Peraturan Bupati No.10 tentang Ketentuan Pemanfaatan Ruang dan Izin Prinsip Pemanfaatan Ruang</i> ): <table border="0" style="margin-left: 20px;"> <tr> <td style="vertical-align: top;">Land Use Zoning</td> <td style="vertical-align: top;">:</td> <td>Public service facilities zone (<i>Zona Sarana Pelayanan Umum</i>).</td> </tr> <tr> <td style="vertical-align: top;">Building Site Coverage (KDB)</td> <td style="vertical-align: top;">:</td> <td>Maximum 80%.</td> </tr> <tr> <td style="vertical-align: top;">Building Plot Ratio (KLB)</td> <td style="vertical-align: top;">:</td> <td>Maximum 2.4.</td> </tr> </table>	Land Use Zoning	:	Public service facilities zone ( <i>Zona Sarana Pelayanan Umum</i> ).	Building Site Coverage (KDB)	:	Maximum 80%.	Building Plot Ratio (KLB)	:	Maximum 2.4.
Land Use Zoning	:	Public service facilities zone ( <i>Zona Sarana Pelayanan Umum</i> ).									
Building Site Coverage (KDB)	:	Maximum 80%.									
Building Plot Ratio (KLB)	:	Maximum 2.4.									
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.									
Date of Inspection	:	23 September 2020.									
Date of Valuation	:	2 November 2020.									
Terminal Capitalisation Rate	:	8.81%.									
Discount Rate	:	12.02%.									

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Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp121,911,000,000.- (Indonesian Rupiah One Hundred Twenty-One Billion Nine Hundred Eleven Million Only).**

Reflecting Singapore Dollars S\$11,321,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

#### 10. Siloam Hospitals Buton (“SHBN”)

Building Description : A 3-storey standalone hospital located in Bau Bau City, the main city on Buton Island with a maximum capacity of 160 beds.

This hospital was built pursuant to Build, Operate and Transfer (BOT) Right between The Government of Buton Regency and PT. Andromeda Sakti under BOT Cooperation Agreement No.032/3614 and No.01/PKS-AS/VI/2014 dated 16 June 2014 which amended at 25 November 2015. The tenure of the agreement is 30 years from the agreement date.

Note: We note that there is a single storey purpose built shopping mall named Lippo Plaza Buton adjoined to SHBN with a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Buton only and does not include the valuation of Lippo Plaza Buton.

Address : Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulio, District of Wolio, City of Bau Bau, Province of Southeast Sulawesi, Indonesia.

Land Area for Siloam Hospitals Buton & Lippo Plaza Buton : 21,874 square meters.

Gross Floor Area : 10,796 square meters (Siloam Hospitals Buton only).

Registered Proprietor : PT Buton Bangun Cipta.

Land Titles for Siloam Hospitals Buton & Lippo Plaza Buton :

1. Right to Build Certificate No. 00033/Batulo.
  - Proprietor Name : PT Buton Bangun Cipta.
  - Issuance Date : 30 May 2017.
  - Expiry Date : 8 March 2042.
  - Measurement Letter No. : 00081/2017.
  - Measurement Letter Date : 29 May 2017.
  - Land Area : 4,180 square meters.
2. Right to Build Certificate No. 00034/Batulo.
  - Proprietor Name : PT Buton Bangun Cipta.
  - Issuance Date : 30 May 2017.
  - Expiry Date : 8 March 2042.
  - Measurement Letter No. : 00082/2017.
  - Measurement Letter Date : 29 May 2017.
  - Land Area : 17,694 square meters.

BOT Agreement : On 16 June 2014, Government of Buton Regency (the "Land Owner") and PT Andromeda Sakti (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.032/3614 and No.01/PKS-AS/VI/2014, which amended at 25 November 2015. All parties agreed that the BOT period is start from the agreement date and ended 30 years from the agreement date. The Property Company shall build and operate the commercial building and other facilities. The BOT Title expiry takes precedence over the HGB Land Title Expiry.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:

- Landlord : PT Buton Bangun Cipta .
- Tenant : PT Lippo Karawaci Tbk and PT Bina Bahtera Sejati.
- Property : Siloam Hospitals Buton located at Jalan Sultan Hasanuddin No. 50, 52, 54, 58, Sub-district of Batulio, District of Wolio, City of Bau Bau, Province of Southeast Sulawesi, Indonesia ; together with the mechanical and electrical equipment (as used in schedule 1 of the lease agreement) located in the property.
- Building Type : Hospital.
- Lettable Area : 10,796 square meters (SHBN only).
- Commencement Date : 1 January 2021.

Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million and Seventy Four Thousand (S\$1,074,000).

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

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

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

Commencement Base Rent x number of days in First Lease Year / 365 days.  
Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.

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

For the avoidance of doubt, (1+S) will equal 1.045.

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

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit : License No. 648/659/III/02/2014, dated 16 December 2014.

Town Planning : Zonation of The Subject Property are as follow (based on Baubau City Regulation No.4 year 2014 regarding planning Regulation/Rencana Tata Ruang Wilayah of Baubau City 2014-2034 ) :

Land Use Zoning : Residential zone.  
 Remarks : The residential zone is also allowed to be built for non-residential purpose building on it, as long the purpose of the building is to support residential activities / needs.

Valuation Approach : Income Approach with Discounted Cash Flow Method.

Date of Inspection : 1 October 2020.

Date of Valuation : 2 November 2020.

Discount Rate : 12.01%.

Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU : **Rp131,887,000,000.- (Indonesian Rupiah One Hundred Thirty-One Billion Eight Hundred Eighty-Seven Million Only).**

Reflecting Singapore Dollars S\$12,247,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

#### 11. Siloam Hospitals Yogyakarta ("SHYG")

Building Description : A 10-storey hospital building attached to Lippo Plaza Jogja.

Address : Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.

Land Area : 13,715 square meters.

Gross Floor Area : 12,474 square meters.

Registered Proprietor : PT Yogya Central Terpadu.



- Land Titles : Hak Guna Bangunan (Right to Build) No.00131/Demangan.
- Registered Proprietor : PT Yogya Central Terpadu.
  - Issuance Date : 14 November 2005.
  - Expiry Date : 27 December 2043.
  - Measurement No. : 00440/Demangan/2005.
  - Measurement Date : 14 November 2005.
  - Land Area : 13,715 square meters.
- Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis:
- Landlord : PT Yogya Central Terpadu ("PT YCT").
  - Note : PT YCT jointly held by First REIT (through Class A shares) and LMIRT (through Class B shares) held by their respective Sing SPC's. Class A shares of PT YCT is entitled to all of the rights and obligations attributable to SHYG, including all of its revenue, profits, dividends, expenses and liabilities. LMIRT hold Class B shares of the PT YCT which is entitled to all of the rights and obligations attributable to the retail mall, including all of its revenue, profits, dividends, expenses and liabilities.
  - Tenant : PT Lippo Karawaci Tbk, and PT Taruna Perkasa Megah.
  - Property : Siloam Hospitals Yogyakarta ("SHYG") located at Jalan Laksda Adisucipto No.32-34, Sub-District of Demangan, District of Gondokusuman, City of Yogyakarta, Province of DI Yogyakarta, Indonesia.
  - Building Type : Hospital.
  - Lettable Area : 12,474 square meters.
  - Commencement Date : 1 January 2021.
- Rent : Commencement Base Rent:  
 The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million Five Hundred and Eighty Thousand (S\$1,580,000).
- On the commencement date of the master lease, the SGD denominated rents for the hospital will be converted to IDR at IDR/SGD = 10,830.
- Escalation:  
 Increment of Commencement Base Rent at 4.5% per annum on 1 October of each year of the revised master lease agreements ("MLAs").
- First Lease Year and subsequent Lease Year Rent Computation  
 The Commencement Base Rent will be pro-rated from the commencement date of 1 Jan 2021 up to 30 September 2021 (the "First Lease Year").
- Commencement Base Rent x number of days in First Lease Year / 365 days.  
 Subsequent to the First Lease Year, the second year of the lease (the "Second Lease Year") of the Master Lease Agreement will commence on 1 October 2021 to 30 September 2022.



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

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

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

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

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	:	Izin Mendirikan Bangunan (Building Permit) No. 0079/GK/2014 dated 29 January 2014.
Hospital Operating Permit	:	Health Department Decree No. 503/6668 dated 20 June 2017.
Town Planning	:	Zonation of The Subject Property are as follow (based on Regional Plan of Yogyakarta No.2 year 2010 regarding Planning Regulation of Yogyakarta) : Land Use Zoning : Commercial use/trade and service. Building Site Coverage (KDB) : Maximum 90%. Building Plot Ratio (KLB) : Maximum 6.4.
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	28 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	9.84%.
Discount Rate	:	12.02%.
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp207,689,000,000.-</b> <b>(Indonesian Rupiah Two Hundred Seven Billion Six Hundred Eighty-Nine Million Only).</b>  Reflecting Singapore Dollars S\$19,287,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

### Valuation Summary

The summary of the market values as at 2 November 2020 of the 11 health care properties; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

No	Subject Property	Market Value (IDR)	Market Value (SGD)
1	SHLV	1,747,885,000,000	162,313,000
2	SHS	435,797,000,000	40,469,000
3	SHKJ	738,468,000,000	68,576,000
4	MRCCC	1,309,157,000,000	121,572,000
5	SHMK	713,247,000,000	66,234,000
6	SHMD*	428,487,000,000	39,790,000
7	SHTS	433,192,000,000	40,227,000
8	SHBL	663,366,000,000	61,602,000
9	SHLB	121,911,000,000	11,321,000
10	SHBN	131,887,000,000	12,247,000
11	SHYG	207,689,000,000	19,287,000

**Total: Rp6,931,086,000,000,-**

**(Indonesian Rupiah Seven Trillion Fifteen Billion Eight Hundred Thirty-Nine Million Only)**

Reflecting Singapore Dollars S\$643,638,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

\*The Market value of Hotel Aryaduta Manado is SGD35,678,000.- or Rp384,207,000,000.- and is excluded in this summary. The total Market Value for Manado Property (SHMD & HAMD) is Rp812,694,000,000.- or SGD75,468,000.-

### Valuation Commentary and Rationale

We understand that the base rent was determined having taken into account factors such as the free cash flow, and the rent over earnings before interest, taxes, depreciation, amortisation and rental (“**EBITDAR**”) ratio of the Lippo Karawaci Hospitals. In the absence of comparable data in Indonesia, lease structures of healthcare REITs in the ASEAN and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been selected for comparison. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold based on their trading potential. We note that the assessment rental via a Rental / EBITDAR ratio, which is typical and reflective of the asset as a trade related property. We applied this approach only for property such hospital with master lease scheme operation. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% and as such is generally reasonable.

Hospital premises are rarely available for direct rental due to scarcity of such premises in the property market as they are usually leased for long term and do not have a change in hands as often as other commercial properties. This is especially so in Indonesia, as hospitals are more commonly built-to-suit and owner operated. Hence, there are limited transactions and publicly available information available for direct comparison due to the scarcity of such premises in the property market. As such, in order to understand the marketability and competitiveness of the base rent, we have made comparisons with 3-4 other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality properties are selected as they are similar to hospitals in nature, being in the services sector while office properties are selected as they share similarities with the consultation and administrative nature of the hospitals.

For the case of Hotel Aryaduta Manado, we have made comparisons with several other hospitality properties such as serviced residences and apartments within Indonesia.

Having considered all relevant information, we are of the opinion that the proposed base rental rate is broadly in line with market rent.

Further to that, we observed that the rental escalation rate of a typical Lease Agreement for retail, and commercial properties ranges from 3 – 5%]. Hence, we are of the opinion that the fixed base rental escalation rate of 4.5% per annum for the master leases is considered reasonable in the context of a typical Lease Agreement.

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Whilst the proposed rental structure is denominated in IDR currency, at the request of the Manager, we have conducted a scenario testing, on the assumption that with the same initial base rent denominated in Singapore dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 2.2% lower in aggregate, than the valuations undertaken for this exercise.

Our valuation based on the market rental of the subject properties. Since hospital premises are rarely available for direct rental due to the scarcity of such premises in the property market, and availability of bid data of rental properties are very limited, in order to understand marketability and competitiveness of the base rent, we have made a comparison with other commercial properties in the city. Having considered all relevant information, we are of the opinion that the proposed base rental is reasonable to derive final market value of the subject properties.

#### Valuation Assumptions and Limiting Conditions

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

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

Jakarta, 30 November 2020

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



**KJP Willson & Rekan**

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

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First REIT Management Limited  
(As Manager of First Real Estate Investment Trust) (the “**Manager**” or the “**Client**”).  
333 Orchard Road #33-02  
Singapore 049321

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

**Re : Valuation Summary of Three Properties in Indonesia.**

#### **The Instruction**

Based on the Proposal Number 285/W&R-Proposal/IX/2020 dated 14 September 2020, First REIT Management Limited (the “Company”) has instructed Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank (the “Valuer”) to conduct an independent valuation of Siloam Properties.

#### **Valuer Competency**

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

KJPP Willson dan Rekan is associated with Knight Frank, which is an international property consultant company which is centered in London – England and has a network of 488 offices in 57 countries around the world. Our association has been legalized and approved by the Minister of Finance of the Republic of Indonesia with the Surat Persetujuan Pencantuman Nama Badan Usaha Jasa Penilai Asing (BUJPA) No. 413/MK.1/2009 dated 21 July 2009.

The Public Valuer who signed this valuation report holds Public Valuer License No. P-1.09.00205 from the Ministry of Finance of the Republic of Indonesia and is registered in the Indonesian Financial Services Authority (OJK) with Registration No.129/PM.223/2019.

#### **Valuation Purposes**

The Company required this valuation for the Master Lease Arrangement renewal purposes on the basis that the property are operated on the ongoing basis. This valuation report will be included in the Offer Information Statement to be issued by the Manager in due course.

#### **The Valuation Cut-Off Date**

The Cut-Off Date of this valuation is 2 November 2020.

#### **Basis of Valuation**

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

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

## Subject Properties

### 1. Siloam Sriwijaya (“SS”)

Building Description : Siloam Sriwijaya comprises of a of 7-storey hospital building with maximum capacity of 357 beds and Centre of Excellence in Emergency & Trauma, Gastroenterology.

This hospital was built pursuant to Build, Operate and Transfer (BOT) Right granted by The Government of South Sumatera Province under Cooperation Agreement No.003/SPK/VI/2011 dated 25 January 2011 with tenure 25 January 2011 until 24 January 2041 (30 years).

Address : Jalan POM IX, Sub-district of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia

Gross Floor Area : 15,708.67 square meters.

Registered Proprietor : PT Sriwijaya Mega Abadi.

Land Titles : The Subject Property has 8 (eight) strata-title certificates / *Sertifikat Hak Milik atas Satuan Rumah Susun* (SHMSRS) as follow :

1. SHMSRS No.6987/GF/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00009/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 937.8 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

2. SHMSRS No.6995/UG/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00017/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 2,281.53 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

3. SHMSRS No.6994/01/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00016/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 1,726.9 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

4. SHMSRS No.6986/02/RS/01/LorokPakjo.

Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00008/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 1,644.3 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

5. SHMSRS No.6983/03/RS/01/LorokPakjo.  
 Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00005/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 1,681.82 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

6. SHMSRS No.6985/05/RS/01/LorokPakjo.  
 Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00007/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 1,681.82 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

7. SHMSRS No.6993/06/RS/01/LorokPakjo.  
 Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00015/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 1,681.82 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

8. SHMSRS No.6982/RM/RS/01/LorokPakjo.  
 Registered Proprietor : PT Sriwijaya Mega Abadi.  
 Issuance Date : 10 December 2014.  
 Drawings No. : 00004/2014.  
 Drawings Date : 10 December 2014.  
 Building Area : 546. 2 square meters.  
 Remark : The SHMSRS title stand over common land certificate of HGB No.828/Lorok Pakjo.

The Strata title certificates is under a HGB Right to Build detailed as follow :

HGB (Right to Build) Title No.828/LorokPakjo.

Registered Proprietor : PT Palembang Paragon Mall.  
 Issuance Date : 19 February 2014.  
 Expiry Date : 3 February 2044.  
 Measurement Letter No. : 12/LorokPakjo/2014.  
 Measurement Letter Date : 6 February 2014.  
 Land Area : 23,311 square meters.  
 Remark : The HGB Title is a HGB under Right to Manage (Hak Pengelolaan) No.93/Lorok Pakjo.

- HPL / Hak Pengelolaan (Right to Manage) Title No.93/Lorok Pakjo.

BOT Agreement : On 25 January 2011, Government of South Sumatera (the "Land Owner") and PT Palembang Paragon Mall (the "Property Company") had entered into Build, Operate, Transfer Agreement for the land with BOT Agreement No.003/SPK/VI/2011. All parties agreed that the BOT period is start from 25 January 2011 until 24 January 2041. Or a remaining BOT term is 20.24 years from the date of valuation. The Property Company shall build and operate the



hospital and other facilities. The BOT title expiry takes precedence over the HGB land title expiry.

Summary of Rental Terms : The following summarizes the salient aspects of mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020, which are applicable to our valuation analysis:

Landlord : PT Sriwijaya Mega Abadi.  
 Tenant : PT Metropolis Propertindo Utama  
 Property : Siloam Sriwijaya (SS) located at Jalan POM IX, Sub District of Lorok Pakjo, District of Ilir Barat I, Regency of Palembang, Province of South Sumatera, Indonesia.  
 Building Type : Hospital.  
 Lettable Area : 15,308.67 square meters.  
 Commencement Date : 1 January 2021.  
 Rent : Commencement Base Rent:

The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars Two Million and Sixteen Thousand (S\$2,016,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

1. 8.0% of the preceding financial year's GOR for each respective hospital - period from 1 January through 31 December; or
2. the Commencement Base Rent x (1+ S) = Second Lease Year Base Rent (the "Second Lease Year

Base Rent"), where "S" is the Escalation amounting to 4.5%. For the avoidance of doubt, (1+S) will equal 1.045.

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	:	License no.362/IMB/2011 date of issue 27 April 2011.
Town Planning	:	Zonation of The Subject Property are as follow (based on Palembang Regency Regulation No.15, years 2015 regarding Planning Regulation of Palembang Regency) : Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 60%
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	23 September 2020.
Date of Valuation	:	2 November 2020.
Discount Rate	:	12.00%.
Market Value as at 2 November 2020 based on conditions in the Agreed Termsheet and MOU	:	<b>Rp246,112,000,000.-</b> <b>(Indonesian Two Hundred Forty-Six Billion One Hundred Twelve Million Only).</b>  Reflecting Singapore Dollars S\$22,855,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

**2. Siloam Hospitals Purwakarta (“SHPW”)**

Building Description	:	Siloam Hospital Purwakarta comprises of 3-storey hospital building and a 5-storey building adjoined to each other, both as a hospital building. It has a maximum capacity of 202 beds.
Address	:	Jalan Bungursari No.1, Regency of Purwakarta, Province of West Java, Indonesia
Land Area	:	7,990 square meters.
Gross Floor Area	:	8,254 square meters.
Registered Proprietor	:	PT Eka Dasa Parinama.
Land Titles	:	1. Right to Build Certificate No 1050/Cibening Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 25 November 1994. Expiry Date : 27 November 2043. Measurement Letter No. : 1879/1994. Measurement Letter Date : 20 October 1994. Land Area : 600 square meters.  2. Right to Build Certificate No.01666/Cibening Proprietor Name : PT Eka Dasa Parinama. Issuance Date : 13 January 2006. Expiry Date : 14 November 2043. Measurement Letter No. : 16/Cibening/2005.



Measurement Letter Date : 19 December 2005.

Land Area : 835 square meters.

3. Right to Build Certificate No.01667/Cibening.

Proprietor Name : PT Eka Dasa Parinama.

Issuance Date : 11 October 1996.

Expiry Date : 14 November 2043.

Measurement Letter No. : 1691/1996.

Measurement Letter Date : 4 October 1996.

Land Area : 182 square meters.

4. Right to Build Certificate No.01668/Cibening.

Proprietor Name : PT Eka Dasa Parinama.

Issuance Date : 25 November 1994.

Expiry Date : 14 November 2043.

Measurement Letter No. : 1880/1994.

Measurement Letter Date : 20 October 1994.

Land Area : 405 square meters.

5. Right to Build Certificate No.01670/Cibening.

Proprietor Name : PT Eka Dasa Parinama.

Issuance Date : 22 February 2006.

Expiry Date : 14 November 2043.

Measurement Letter No. : 01/Cibening/2006.

Measurement Letter Date : 8 February 2006.

Land Area : 700 square meters.

6. Right to Build Certificate No.02189/Cibening.

Proprietor Name : PT Eka Dasa Parinama.

Issuance Date : 19 March 2014.

Expiry Date : 14 November 2043.

Measurement Letter No. : 189/Cibening/2014.

Measurement Letter Date : 17 March 2014.

Land Area : 5,268 square meters.

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding ("MOU") dated 28 November 2020 which are applicable to our valuation analysis :

Landlord : PT Eka Dasa Parinama.

Tenant : PT Metropolis Propertindo Utama.

Gross Floor Area(sq-m) : 8,254 sq-m, subject to survey or review.

Commencement Date : 1 January 2021.

Date

Rent : Commencement Base Rent:  
The Commencement Base Rent payable for the First Year shall be the amount equivalent to Singapore Dollars One Million Seven Hundred and Sixty Seven Thousand (S\$1,767,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

Lease Term : 15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.

Building Permit	:	License no.503/IMB.219-BPMPTSP/2014 date of issue 2 April 2014. License no.503/IMB.581-BPMPTSP/2014 date of issue 16 October 2014.
Town Planning	:	Zonation of The Subject Property are as follow (based on the information from Settlement and Town Planning of Purwakarta City):  Land Use Zoning : Trade and service zone. Building Site Coverage : Maximum 70%
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	23 September 2020.
Date of Valuation	:	2 November 2020.
Terminal Capitalisation Rate	:	9.70%
Discount Rate	:	12.02%

Market Value as at 2 November 2020 based on conditions in the Agreed Termsheet and MOU : **Rp255,674,000,000.- (Indonesian Rupiah Two Hundred Fifty-Five Billion Six Hundred Seventy-Four Million Only).**

Reflecting Singapore Dollars S\$23,743,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

### 3. Siloam Hospitals Kupang (“SHKP”)

Building Description : An 4-storey purpose built hospital with one basement floor.

Address : Jalan Veteran No.4, Sub-District of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur – Indonesia.

Land Area (for Siloam Hospitals Kupang & Lippo Plaza Kupang) : 66,060 square meters. There is a 3-storey purpose built shopping mall named Lippo Plaza Kupang built on the same piece of land with a separate master lease agreement. For the avoidance of doubt, this valuation relates to Siloam Hospitals Kupang only and does not include the valuation of Lippo Plaza Kupang.

Gross Floor Area : 21,593 square meters (for SHKP only).

Registered Proprietor : PT. Nusa Bahana Niaga.

Land Titles (for Siloam Hospitals Kupang & Lippo Plaza Kupang) : Right to Build Certificate No. 247/Fatululi.

Proprietor Name : PT Nusa Bahana Niaga.

Issuance Date : 11 May 2016.

Expiry Date : 10 May 2046.

Measurement Letter No. : 256/Fatulili/2016.

Measurement Letter Date : 29 April 2016.

Land Area : 66,060 square meters.

Note : Right to Build (SHGB) on Right to Manage (SHPL) under BOT agreement.

#### BOT Agreement and Its Addendum :

Tenure : 12 May 2011 - 12 May 2041  
(30 years after the BOT Extension)

Legal Description : BOT Agreement between PT Nusa Bahana Niaga as the BOT holder, and Pemerintah Propinsi of Nusa Tenggara Timur) as the land owner dated 12 May 2011, and its Addendum No. HK.34/2016 dated 5 december 2016.

Registered Lessee(s)/ Proprietor(s) : PT Nusa Bahana Niaga

Summary of Rental Terms : The following summarizes the salient aspects of the mutually agreed termsheet as at 2 November 2020 and the signed Memorandum of Understanding (“MOU”) dated 28 November 2020 which are applicable to our valuation analysis :

Landlord : PT Nusa Bahana Niaga.

Tenant : PT Metropolis Propertindo Utama (Siloam Hospital Kupang).

Property	:	Kupang Property is located at Jalan Veteran No.4, Sub-District of Fatululi, District of Oebobo, City of Kupang, Province of Nusa Tenggara Timur – Indonesia; together with the mechanical and electrical equipment (as listed in Appendix A of the Lease Agreement) located in the Subject Property.
Building Type	:	Hospital.
Lettable Area	:	21,593 square meters (SHKP only).
Commencement Date	:	1 January 2021.
Rent	:	<u>Commencement Base Rent:</u> The Commencement Base Rent payable for the First Year (Siloam Hospitals Kupang only) shall be the amount equivalent to Singapore Dollars One Million Nine Hundred Seventy Eight Thousand (S\$1,978,000).

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

Escalation:

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

First Lease Year and subsequent Lease Year Rent Computation

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

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

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

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

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

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

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

Lease Term	:	15 years with a further term of 15 years after the expiry of the Lease Term, on terms to be agreed between the parties.
Building Permit	:	Based on License to Build No. 027/BPPT/640.644/002.KDB/1/2013 Date 16 January 2013 and License No. 196/BPPT/640.644/002.KOB/V/2014 Date 12 May 2014
Town Planning	:	Based on Local Government Regulation No.12, years 2011 regarding Planning Regulation / RDTR 2011-2031 of Kupang City :
		Land Use Zoning : Trade and Services
		Building Site Coverage : 60%
		Plot Ratio : 3
Valuation Approach	:	Income Approach with Discounted Cash Flow Method.
Date of Inspection	:	24 September 2020.
Date of Valuation	:	2 November 2020.
Discount Rate	:	12.01%
Market Value as at 2 November 2020 based on conditions in Agreed Termsheet and MOU	:	<b>Rp228,600,000,000.-</b> <b>(Indonesian Rupiah Two Hundred Twenty-Eight Billion Six Hundred Million Only).</b>  Reflecting Singapore Dollars S\$21,228,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

### Valuation Summary

The summary of the market values as at 2 November 2020 of the 3 properties; subject to our disclaimers, limiting conditions, and assumptions, are as follows:

No	Subject Property	Market Value (IDR)	Market Value (SGD)
1	SS	246,112,000,000	22,855,000
2	SHPW	255,674,000,000	23,743,000
3	SHKP	228,600,000,000	21,228,000

**Total: Rp730,386,000,000,-**

**(Indonesian Rupiah Seven Hundred Thirty Billion Three Hundred Eighty Six Million Only)**

Reflecting Singapore Dollars S\$67,825,000.- at the exchange rate of S\$1 = Rp10,768.62.- (middle rate of the Central Bank of Indonesia) as at the date of valuation.

### Valuation Commentary and Rationale

We understand that the base rent was determined having taken into account factors such as the free cash flow, and the rent over earnings before interest, taxes, depreciation, amortisation and rental (“EBITDAR”) ratio of the Metropolis Propertindo Utama Hospitals. In the absence of comparable data in Indonesia, lease structures of healthcare REITs in the ASEAN and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust have been selected for comparison. The ASEAN markets have been selected due to its close proximity to Indonesia and the North American market for its maturity and availability of information. Trade related properties such as hospitals and hotels are bought and sold based on their trading potential. We note that the assessment rental via a Rental / EBITDAR ratio, which is typical and reflective of the asset as a trade related property. . We applied this approach only for property such hospital with master lease scheme operation. Based on publicly available information, the adopted rental structure is broadly in line with the Rent / EBITDAR ratio of these healthcare REITs which ranges from 40-45% and as such is generally reasonable.

Hospital premises are rarely available for direct rental due to scarcity of such premises in the property market as they are usually leased for long term and do not have a change in hands as often as other commercial properties. This is especially so in Indonesia, as hospitals are more commonly built-to-suit and owner operated. Hence, there are limited transactions and publicly available information available for direct comparison due to the scarcity of such premises in the property market. As such, in order to understand the marketability and competitiveness of the base rent, we have made comparisons with 3-4 other commercial properties in the surrounding areas of each of the hospitals. Commercial properties such as retail and hospitality properties are selected as they are similar to hospitals in nature, being in the services sector while office properties are selected as they share similarities with the consultation and administrative nature of the hospitals.

Further to that, we observed that the rental escalation rate of a typical Lease Agreement for retail, and commercial properties ranges from 3%–5%. Hence, we are of the opinion that the fixed base rental escalation rate of 4.5% per annum for the master leases is considered reasonable in the context of a typical Lease Agreement.

Whilst the proposed rental structure is denominated in IDR currency, at the request of the Manager, we have conducted a scenario testing, on the assumption that with the same initial base rent denominated in Singapore dollars, and subsequently escalated at 2.0% per annum and discounted at an appropriate discount rate that is adjusted to reflect SGD terms.

The simulated values based on this scenario testing, is approximately 2.2% lower in aggregate, than the valuations undertaken for this exercise.

Our valuation based on the market rental of the subject properties. Since hospital premises are rarely available for direct rental due to the scarcity of such premises in the property market, and availability of bid data of rental properties are very limited, in order to understand marketability and competitiveness of the base rent, we have made a comparison with other commercial properties in the city. Having considered all relevant information, we are of the opinion that the proposed base rental is reasonable to derive final market value of the subject properties.

**Valuation Assumptions and Limiting Conditions**

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

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

Jakarta, 30 November 2020

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

  
**KJPP Willson & Rekan**

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Licensed Public Valuer No.: P-1.09.00205 (Property Valuation)  
OJK Registration No. STTD.PP-129/PM.223/2019  
MAPPI Membership No.: 02-S-01533

INDEPENDENT MARKET RESEARCH REPORT

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

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**Independent Market Research on the  
Private Healthcare Sector in Indonesia with a focus on  
Siloam Group of Hospitals**

Final Report

**25<sup>th</sup> November 2020**

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

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The market research process for this study has been undertaken through secondary/desktop research as well as focused primary research. Quantitative information was sourced from secondary research from sources including but not limited to press releases, journals, Government publications, company presentations and other 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.


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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 private hospitals industry in Indonesia with a more focused research on Siloam Hospitals from an outside-in perspective largely relying on publicly available information on the impact and key challenges faced in the wake of Co-VID within the limitations of, among others, secondary statistics and primary research. Due to the limitations surrounding travel, there were no site visits conducted for the purpose of this research report. Therefore, 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 unless otherwise specified. 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

  
Das Subhranshu Sekhar  
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## 1 GLOSSARY

GDP	Gross Domestic Product
IMF	International Monetary Fund
WEO	World Economic Outlook
IDR	Indonesian Rupiah
Y-O-Y	Year-on-Year
FY	Financial Year
BPS	Statistics Indonesia
DKI	Daerah Khusus Ibukota
CAGR	Compound Annual Growth Rate
SEA	South East Asia
PSBB	Pembatasan Sosial Berskala Besar (Large Scale Social Restrictions)
HCS	Healthcare Services
ARSSI	Asosiasi Rumah Sakit Swasta Indonesia (Private Hospital Association, Indonesia)
APD	Airflow Perturbation Device
PT	Limited Liability Company
JKN-KIS	National Health Insurance and Indonesian Health Cards Program
ICU	Intensive Care Units
PPE	Personal Protective Equipment
NGOR	Net Gross Operating Revenue
OOP	Out of Pocket
PUPR	Ministry of Public works and Public Housing
KSPN	Kawasan Strategis Pariwisata Nasional (High Priority National Tourism Strategic Areas)
Menparekraf	Ministry of Tourism and Creative Economy
Disperinaker	The Office of Industry and Manpower
TK	Kindergarten
SD	Elementary School
SMP	Junior High School
PAD	Regional Original Revenues
Pemprov DKI	Provincial Government
PPSU	Public Infrastructure and Facilities Handling
UPK	The Health Service Unit
YKI	Indonesian Cancer Foundation
GOI	Government of Indonesia
APBD	Regional Revenue and Expenditure Budget
MSME	Micro, Small and Medium Enterprises
Pemda	Manado City Government
IKM	Small and Medium Industry
PPP	Public Private Partnership
BKIPM	Fishing quality certification

BPJAMSOSTEK	Jakarta Cilandak Branch of the Social Security Administration for Employment
Disgulkarmat	Fire and Rescue Service
TIM	Taman Ismail Marzuki
JIS	Jakarta International Stadium
SPBKLU	Public Electric Vehicle Battery Exchange Stations
PKL	MSMEs and Street Vendors
FinBack 2020	Fintech Business Matchmaking
RIPP	Provincial Railway Master Project
Jatim	Economic Growth In East Java
PHK	Prevention of Termination of Employment
APPBI	East Java Indonesian Shopping Centre Management Association
DTKS	Integrated Social Welfare Data
PSN	National Strategic Projects
BP Jamsostek	Employment Social Security Administration
NTT	East Nusa Tenggara
CPI	Consumer Price Index
JPS	Social Safety Net
PEN	National Economic Recovery Program
ASITA	Association of The Indonesian Tours And Travel Agencies
SPJBTL	Power Purchase Agreement
PSBM	Pembatasan Sosial Berskala Mikro (Micro Scale Social Restrictions)

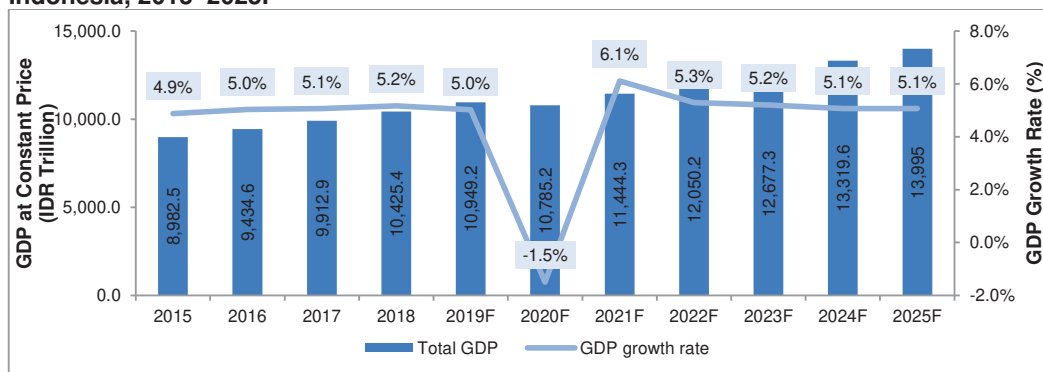
#### Siloam Hospitals Group (Hospitals Considered in this Report)

Flagship	Mature	Ramping Up	BPJS
Siloam Hospital Lippo Village (SHLV)	Siloam Hospital Surabaya (SHS)	Siloam Hospital Labuan Bajo (SHLB)	Siloam Hospital Purwakarta (SHPW)
Siloam Hospital Kebon Jeruk (SHKJ)	Siloam Hospital Manado (SHMD)	Siloam Hospital Buton (SHBN)	Siloam Hospital Kupang (SHKP)
Mochtar Riady Comprehensive Cancer Centre (MRCCC)	Siloam Hospital Makassar (SHMK)	Siloam Hospital Yogyakarta (SHYG)	
	Siloam Hospital Denpasar (SHBL)		
	Siloam Hospital TB Simatupang (SHTS)		
	Siloam Hospital Sriwijaya – Palembang (SS)		

## 2 MACROECONOMIC OVERVIEW OF INDONESIA

### 2.1 GDP AND GDP GROWTH

**Chart 2-1: Gross Domestic Product (“GDP”) at Constant Price and GDP Growth Rate, Indonesia, 2015–2025F**



Source: International Monetary Fund (“IMF”) World Economic Outlook (“WEO”), October 2020

From 2015 to 2019, Indonesia generated a steady yearly real GDP growth range bound between 4.9% and 5.2%. When compared with that of 2014, the y-o-y GDP growth rate slowed down in 2015 as a result of various factors, including oil price decline, weaker consumer spending, and external challenges such as the forest fires of 2015, costing the country Indonesian Rupiah (“IDR”) 221 trillion in reconstruction efforts – almost double the amount spent in the aftermath of the 2004 Aceh tsunami<sup>1</sup>.

Indonesia’s 2020 GDP is projected to contract by 1.5% due to the ongoing pandemic, but the IMF expects the global economy to rebound and grow by 5.2% in 2021, while in the same year (2021) Indonesia’s economy is expected to expand by 6.1%. For 2020, the IMF’s projection is largely in line with the government’s estimate for a full-year contraction of 0.6% to 1.7% made in late September, down from GDP growth of 5.02% in 2019.<sup>2</sup>

However, in 2Q2020, the Indonesian economy experienced a deeper contraction of 5.32% y-o-y; a contraction that was deeper than the initial IMF projection of 0.3% in June 2020. This was largely on account of contraction in the transportation and logistics sectors that witnessed a slow down to the tune of approximately 30.84% during the same period. Other sectors contributing to the decline was export and import of product and services that experienced a contraction of 11.66% and 16.96% respectively<sup>3</sup>.

Additionally, on 5<sup>th</sup> November 2020, Statistics Indonesia (“BPS”) has announced that Indonesia GDP in 3Q2020 experienced a contraction of 3.49% year-on-year (“y-o-y”). This was the second contraction after the previous quarter’s economic output registered a decline of 5.32% (y-o-y). Against this backdrop, Indonesia is officially in a recession for the first time since 1999<sup>4</sup>.

The IMF projects the Indonesian economy to grow at an average yearly real GDP growth rate of 5.0% or more from 2022 to 2025, driven by the country’s focus on infrastructure development, steady consumption, and investment growth. The Government’s recent decision to move the capital city from Jakarta to the Island of Borneo could help to reduce the income disparity and address infrastructure gaps on the island<sup>5</sup>.

<sup>1</sup> World Bank: Indonesia Economic Quarterly, December 2015

<sup>2</sup> Indonesia’s GDP to decline more than thought as virus keeps spreading, October 2020

<sup>3</sup> Ekonomi Indonesia Triwulan II 2020 Turun 5,32 Persen, BPS Kuartal 2, 2020

<sup>4</sup> Ekonomi Indonesia Triwulan III 2020 Tumbuh 5,05 Persen (q-to-q), BPS Kuartal 3, 2020

<sup>5</sup> The Conversation, “Assessing Jokowi’s \$33-billion project to move Indonesia’s capital for the country’s economic development”, 30 August 2019

In 2Q 2020, two major provinces namely Daerah Khusus Ibukota (“DKI”) Jakarta and East Java recorded GDP of IDR1,379.76 trillion and IDR 551.31 trillion respectively, contributing to around 30% of the total real GDP in Indonesia.

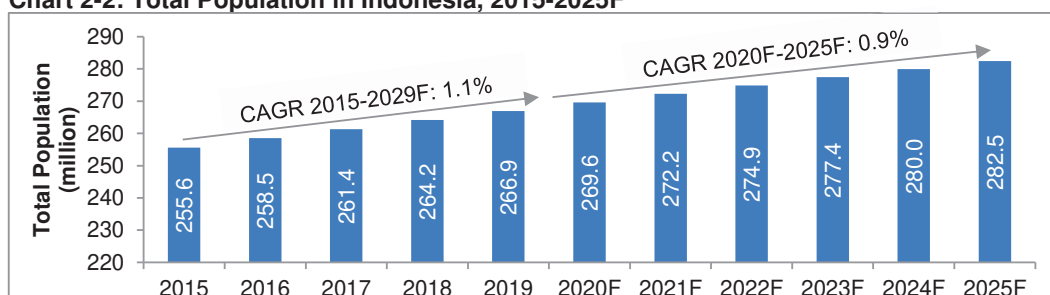
In 2019, the healthcare sector contributed to less than 2% of the total GDP at IDR 174.8 trillion, growing at a compound annual growth rate (“CAGR”) of 9% between 2015 and 2019<sup>6</sup>. The country’s healthcare sector is forecast to grow against the backdrop of a number of decisive steps taken by the Indonesian government in its efforts to bring the COVID outbreak under control. Such efforts include expanding healthcare facilities, lifting duties and import taxes on many medical items to increase domestic stocks, and allowing the commercial imports of medical supplies previously limited only to government institutions and public service agencies.

**2.2 POPULATION AND SOCIO-ECONOMIC INDICATORS**

**Population and growth trends**

Indonesia is the most populous country in south-east Asia (“SEA”) and the fourth most populous nation globally<sup>7</sup>. The country’s population recorded a CAGR of 1.1% from 255.6 million in 2015 to 269.6 million in 2020. The IMF forecasts a population growth rate range bound between 0.9% and 1% y-o-y to reach 282.5 million by 2025. Based on BPS data in 2019, Java Island is the most populous island in Indonesia, with a total population of 149 million people. With total area of 128,297 km<sup>2</sup>, the Java Island Population density reached 1,184 people per square kilometer.

**Chart 2-2: Total Population in Indonesia, 2015-2025F**



Source: IMF WEO, October 2020

**Urbanisation**

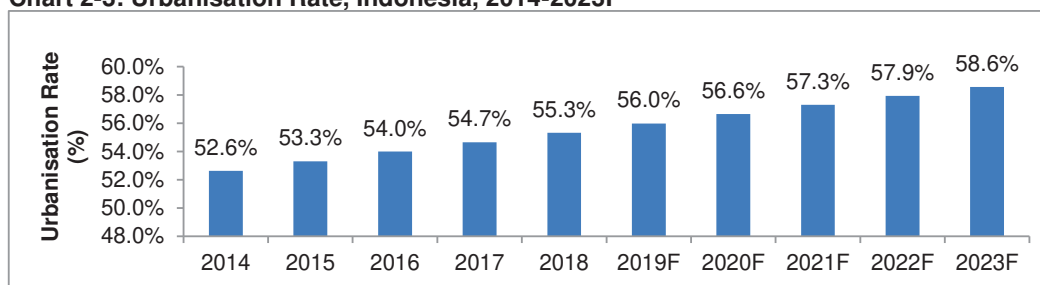
Indonesia is undergoing a transformation from a rural to an urban economy, driven by increasing rural-urban migration. The urban population made up more than half of Indonesia’s total population at 52.6% in 2014; subsequently growing to 55.3% in 2018 and forecast to reach 58.6% by 2023<sup>8</sup>.

<sup>6</sup> Economic Growth of Indonesia Second Quarter 2020, BPS

<sup>7</sup> United Nations (UN): World Population Prospects 2019



**Chart 2-3: Urbanisation Rate, Indonesia, 2014-2023F**



Source: United Nations, World Urbanization Prospects: The 2018 Revision

## 2.3 IMPACT OF COVID ON INDONESIA’S ECONOMY

### 2.3.1 Household Consumption

A dip in GDP and disposable income per capita, resulted in a reduction of household consumption from 3.2% in 2019 to nearly 1.6% in 2020.<sup>9</sup> As households get increasingly cautious on spending due to job losses and fearful due to unavailability of a vaccine in the near future, this trend is further expected to continue until the economy witnesses a rebound.

Although, the enforcement of social restriction by the Government (PSBB) has resulted in significant losses to various sectors, the government had also instituted a COVID stimulus package for Social Protection Program budgeted for IDR 203.90 trillion.

### 2.3.2 INDONESIA’S COVID STIMULUS PACKAGE

On 16th June 2020, Indonesian Government increased the state budget for handling of COVID and the National Economic Recovery Program (PEN-Pemulihan Ekonomi Nasional) through the official announcement of the largest economic stimulus package of IDR 695.20 trillion. This amount is significantly higher than the previous announcement, which was IDR 405.1 trillion.<sup>10</sup>

As of 4th November 2020, the budget has been utilized to the extent of IDR 386.01 trillion or 55.5% of the total allocated budget.<sup>11</sup> The following are some of the priority categories the national recovery budget is allocated to.

**Chart 2-4: Stimulus Package for COVID, Indonesia, 2020**

Categories	Budget Allocation	Budget Spend as of 4 <sup>th</sup> November 2020	Description
<b>Social Protection Program</b>	IDR 234.33 trillion	IDR 182.54 trillion	This stimulus package is allocated to the middle to lower class society through the aspiring family program, staple food cards (Kartu Sembako Murah), pre-employment cards (Kartu Pra-Kerja), and cash social assistance
<b>Micro, Small, Medium Enterprise</b>	IDR 114.81 trillion	IDR 95.62 trillion	This stimulus package is allocated for interest subsidies for microcredit, SME Financing, Guarantees, and placement of fund

<sup>9</sup> Minister of Finance: Corona pandemic hits household consumption, Warta Ekonomi, 1<sup>st</sup> April 2020

<sup>10</sup> The Government Increases the Stimulus Budget to IDR 695 trillion, Investor Daily, 17<sup>th</sup> June 2020.

<sup>11</sup> Govt spends 44% of recovery budget up to September, health spending lags, The Jakarta Post, 2<sup>nd</sup> October 2020

Categories	Budget Allocation	Budget Spend as of 4 <sup>th</sup> November 2020	Description
			in banks
<b>Business or Taxation Incentives</b>	IDR 120.61 trillion	IDR 38.64 trillion	This stimulus package is allocated through taxes borne by the government such as reduction in article 25 (PPH pasal 25, corporate income tax), exemption from income tax Article 21 (PPH pasal 21 employee income tax), Article 22 (PPH 22, on imports tax), and preliminary VAT (PPn) refunds
<b>Ministries &amp; Regional Government</b>	IDR 65.97 trillion	IDR 32.92 trillion	This stimulus package is allocated to boost tourism sector, food security and fisheries, industrial estates, ICT development, Central Government loan to regional governments, and anticipating economic recovery
<b>Healthcare</b>	IDR 97.26 trillion	IDR 34.29 trillion	This stimulus package is allocated for the procurement of vaccines, health facilities and infrastructure, laboratories, research and development, and premium assistance of government healthcare program (run by BPJS) for non-salaried employees.
<b>State Owned Enterprise (“SOE”) &amp; Corporation</b>	IDR 62.22 trillion	IDR 2.001 trillion	This stimulus package is meant to help the SOEs and Corporations owned by the Government, by disbursing the budget for State Capital Participation, payment of compensation, and bailout funds for working capital. Additionally, the Government is also likely to postpone the dividend payments. The Enterprise and Corporation include in this stimulus package category are those who are engage with Food, Transportation, Finance, Manufacturing, Tourism, and Energy Sectors.

Source: Committee for handling COVID-19 and National Economic Recovery<sup>12</sup>

<sup>12</sup> First Week of Quarter IV / 2020, Realization of PEN Program Increases Rp. 13.5 Trillion, Committee for handling COVID-19 and National Economic Recovery, dated 4<sup>th</sup> November 2020



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## 2.4 ECONOMIC OUTLOOK

As the largest economy in SEA, Indonesia's economy registered a CAGR of approximately 5.0% over the 2014 to 2019 period. Indonesia's economy is forecast to increase to approximately 5% CAGR from 2022 to 2025, owing to accelerated economic activities supported by infrastructure development, stable political and economic policies, and positive labour market conditions, among others. However, according to the Finance Minister Sri Mulyani Indrawati, "Due to the ongoing pandemic situation, Indonesia's economic recovery in 2021 may not be at "full power", with the COVID pandemic expected to continue to dampen domestic consumption and investment." Indonesia entered into recession, although the economy registered a 5.05% quarter over quarter growth in the third quarter of 2020. However, economic activities did not reach pre-COVID levels as the continued increase in COVID cases hampered recovery. The government's fiscal stimulus, coupled with its emphasis on economic recovery aided through structural reforms, to attract investments is likely to serve as accelerators to propel the economy on a recovery trajectory in 2021.

## 3 OVERVIEW OF PRIVATE HEALTHCARE SERVICE (HCS) MARKET IN INDONESIA

### 3.1 KEY TRENDS IN THE PRIVATE HEALTHCARE SERVICE MARKET IN INDONESIA

#### 3.1.1 Rising Adoption of Technology Enabled Healthcare Services in Indonesia

Indonesia has only 0.4 doctors per 1000 patients<sup>13</sup> in a land area spanning 17,000 islands. Telemedicine makes healthcare accessible to the further regions and decreases pressure on the existing healthcare infrastructure. With the novel COVID, this has helped accelerate the growth of the digital healthcare sector in Indonesia and it is believed to be the "new normal" post the pandemic. There are many local healthcare apps such as Alodokter with over 30 million active users since March 2020. Halodoc and Gojek have partnered with the Ministry of Health to provide COVID diagnostics in remote areas. The government is nurturing a more technology-driven healthcare environment and will depend on government policy for digital innovators. The government is moving in a positive direction by passing regulations to enable digital prescriptions from tele-consultations. The Indonesian government has also pursued to improve connectivity in rural areas, which aims to provide 4G internet services across the country. The Palapa Ring Project, stretching from the westernmost city in Indonesia (Sabang) to the easternmost town (Merauke), cost USD\$ 1.5 billion and offers 35,000km of undersea fiber-optic cables allowing the these cities to attain network connectivity speeds of up to 100 Gbps. This is likely to allow telemedicine to be the new norm allowing such rural areas to get access to digital prescription and tele-consultations with doctors ranging from public to private hospitals.

#### 3.1.2 Rise of Private Hospitals in Tier Two & Three Cities

A large number of Tier Two and Tier Three cities<sup>14</sup> have been experiencing a stagnant demand in healthcare services. Private brand hospitals are targeting urban areas in Java and Sumatra to provide more advanced healthcare facilities. The Indonesian healthcare sector has been an attractive industry and the demand for healthcare has been high due to the government's initiative with respect to the universal insurance BPJS Kesehatan. It ensures contracts with private providers to offer high-quality services that are effective and efficient. Regions in Java and Sumatra are still considered to be a high potential market by private providers than the untapped opportunities in rural areas and eastern Indonesia. Java is still regarded to have significant growth potential as it has double the number of BPJS Kesehatan holders.

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<sup>13</sup> Ratio of Indonesian Doctors Second Lowest in Southeast Asia, Katada 2nd April 2020

<sup>14</sup> Tier Two cities are defined as having a population between 500,000 to 1 million. Tier Three cities are those whose population is range bound between 100,000 to 500,000. Tier One cities are those that have a population greater than 1 million

### 3.1.3 Patients Prefer Getting Medical Services From Outside of Indonesia

The Indonesian government is trying to improve the country's healthcare infrastructure in hopes of encouraging local patients to seek medical treatment domestically. An estimate of 1.2 million Indonesians spend over USD\$ 2 billion annually on overseas healthcare in neighbouring countries such as Singapore and Malaysia. Many patients in Indonesia feel that there is a lack of quality services and state of the art medical technology across the hospitals in Indonesia. Indonesia has a total of 2,925 hospitals providing just over 318,000 beds, which are only 1.17 beds per thousand populations<sup>15</sup>. This is considered to be the lowest in the ASEAN.

Receiving top-notch medical treatment in Indonesia is rather complicated, even though the BPJS Kesehatan, accessible to over 80% of the country's vast population, covers a range of diseases/conditions from physiotherapy to cancer treatments. Although, there are many private hospitals that are considered to be competitive with the best technologies, they pale in comparison to medical care in Malaysia or Singapore. Many patients have complained the long waits culminating in a brief consult with physicians and specialists. In addition to that, in Indonesia, there have been many complaints about the doctors conducting erroneous tests and malpractices, thus locals have lack of confidence in the local physicians and hospitals in the country.

## 3.2 IMPACT OF COVID ON THE PRIVATE HEALTHCARE SECTOR

### 3.2.1 Medical Tourism in the Wake of COVID

In 2018, Oliver Wyman estimated that Indonesia lost about USD 48 billion in annual revenue from outbound medical tourism, owing to a lack of trust in the local health system and infrastructure.<sup>16</sup> This figure is extremely ironic given that the Indonesia Government subsidized healthcare program (BPJS Kesehatan) continues to run in deficit financing.

However, due to the COVID pandemic, Indonesia has a chance to empower its' local medical services to serve its own community. With travel restrictions in place, priority is around basic health and economic survival. Given that arranging travel is almost impossible and banned in most cases, non-emergency elective procedures are not prioritized and are mostly deferred. Agencies that provide medical evacuation services are in the same position as other travel agencies, which have been left with little choice as they continue to battle between stranded markets and closed healthcare destinations.

Indonesia has a sizeable healthcare market and as stated above, outbound medical tourism has resulted in a significant revenue loss. Government policy is likely to play an important role in providing a vibrant environment that is conducive to domestic medical tourism. Industry experts opine that the government is likely to promote Indonesia's medical services to retain its' own citizens from traveling abroad for outbound medical tourism, and to attract inbound medical travellers from overseas in the longer term.

### 3.2.2 Key Challenges Facing the Private Hospital groups

Hospital operations have faced a significant downturn due to a combination of factors – with one of the key reasons being the large influx of COVID affected patients and availability of limited facilities to treat these patients. Non-COVID hospitals are also witnessing a significant decrease in outpatients due to the PSBB imposed by the government as the outpatients delay consultations and prefer to either administer home remedies or to take the telemedicine route. As per the Private Hospital Association (“ARSSI”) in an article dated 18<sup>th</sup> May 2020, the number of outpatients decreased between 50%-60%, while inpatients witnessed a drop of up to

<sup>15</sup> Indonesia's Healthcare Industry: Growing Opportunities for Foreign Investors, Asean Briefings July 30<sup>th</sup> 2020.

<sup>16</sup> The Future of The Indonesian Healthcare Ecosystem, Oliver Wyman

60%. The COVID outbreak has not only affecting the referral hospital, but also the non-referral hospitals in Indonesia who reported a cash-flow drop range bound between 30% to 50%<sup>1718</sup>.

Such reductions have resulted in challenging hospital cash-flows rendering the unavailability COVID care devices such as Airflow Perturbation Device (APD), Ventilator, and advanced or other limited equipment and tools<sup>19</sup>.

In order to combat the crisis, many hospitals are initiating home-care, telemedicine (tele-consultation) to their non-COVID patients. Some of these hospitals have their on-leave medical personnel give treatment or consultation to non-COVID patients as one of their outreach measures.

Hospitals are allowed to seek reimbursement of COVID patients' treatment costs from the government. However, according to ARSSI, such reimbursements are plagued with lengthy verification processes, and long waiting times before the amount is reimbursed. According to recent data, out of the 201 hospitals that had submitted their claims to the government, only 174 of such claims have been processed and the payment received thus far is only 50% of the amount claimed<sup>20</sup>. Although the reimbursements are disbursed more efficiently now, the relatively long wait times is likely to dissuade private hospitals from opening their doors to COVID care and treatment.

### 3.2.3 Regulations and Policies for Foreign Operators

The government has allowed foreign and ASEAN investors to have 67% and 70% ownership in private hospitals in Indonesia respectively. Hospitals established through foreign investments should belong to a privately owned hospital and must have a minimum of 200 beds. Following the Indonesian Regulation 3/2020 on the classification and licensing of hospitals, all hospitals that have foreign investments have to compulsorily go through the accreditation process. The process must be completed in two years to secure an operational license. Prior to entering the Indonesian healthcare market, international companies should establish a foreign invested company in the form of a "PT" (limited liability company) or appoint a trustworthy local distributor. Having a local distributor/agent is mandatory to serve the Indonesian market as they will be able to handle registration for products and play an important role in developing the market and providing after-sales services<sup>21</sup>. With such stringent protocols that control the entry of foreign hospital operators coupled with the extent of regulatory approvals that are needed to be obtained for changing operators, Frost & Sullivan is of the opinion that changing hospital operators can be time consuming and cumbersome.

On 5 October, the Parliament approved the job creation law (RUU Cipta Kerja, commonly known as the "Omnibus Law"). The Omnibus Law is expected to take effect within 30 days, upon signing by the President. The "Omnibus Law" is likely to bring about changes to the Hospital Law across areas of classification of hospitals, sanctions, hospital accreditation and supervision and the introduction of the 'Business License Term.' However, greater clarity is awaited on the specifics of this law as there are nation-wide protests against the implementation of this law<sup>22</sup>.

### 3.2.4 Outpatient Volumes in the wake of COVID

The average outpatient typically pays IDR 317,000 for public health centers, IDR 868,000 for government hospitals and approximately IDR 1,703,000 for treatment in private hospitals.<sup>23</sup> Due to the novel COVID pandemic, outpatient volumes in Indonesia have relatively decreased

<sup>17</sup> Pandemic Covid-19 Impacted the Hospital Cashflow, Universitas Gadjah Mada, 26<sup>th</sup> June 2020.

<sup>18</sup> Referral hospitals are hospitals that have been appointed by the regional or provincial governments for having the capacity, safety and quality of care to handle Covid-19 cases

<sup>19</sup> Private Hospital Cash-flow Messy due to Pandemic, CNBC Indonesia, 18<sup>th</sup> May 2020

<sup>20</sup> Arus Kas RS Swasta Berantakan Negara Pandemi Covid-19, May 2020

<sup>21</sup> Indonesia's Healthcare Industry: Growing Opportunities for Foreign Investors, Asean Briefing 30th July 2020.

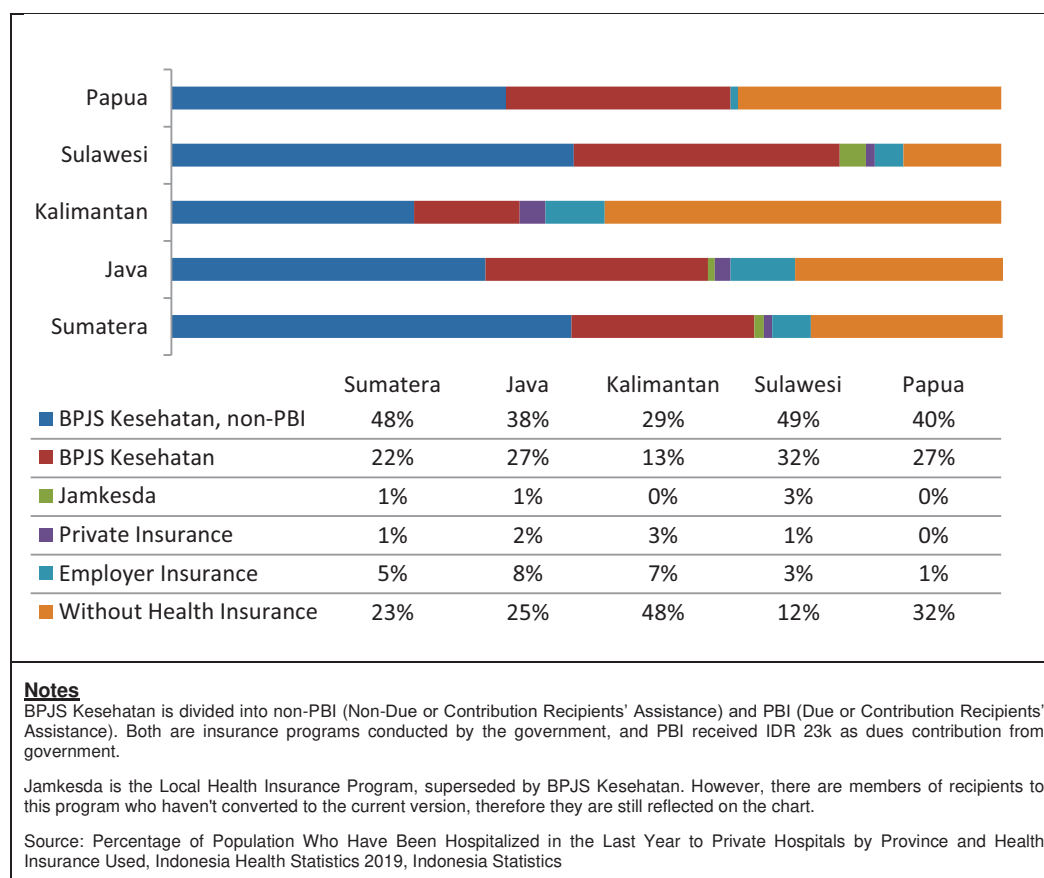
<sup>22</sup> Indonesia: Omnibus Law – Impacts on Healthcare Life Science Regulations, Backer Mackenzie 16<sup>th</sup> October 2020.

<sup>23</sup> Indonesia Health Statistics 2019, Indonesia Statistic

compared to the previous years. The main reason for a significant reduction in outpatient volumes is due to the fact that many individuals are apprehensive of visiting the hospitals due to fear of contracting the virus at the hospital premises. Even if a patient would like to seek medical guidance from their doctors, they have preferred to stay indoors because of the requirement to take a COVID PCR test prior to visiting the doctor at some hospitals, which is a significant drain on their resources. Many individuals now prefer using telemedicine apps such as AloDokter or HaloDoc for minor or first stage “check-ups” with a view to avoid taking the PCR test and thereby avoid going to the hospital. Additionally, patients in the rural areas find access to a good hospital very difficult in comparison to those in Tier One cities. This trend of reduced outpatients is likely to continue into 2021 as patients and providers increasingly move towards telemedicine to cater to the primary healthcare needs.

### 3.2.5 Government’s Support for Private Hospitals

**Chart 3-1: Percentage of Population Who Have Been Hospitalized in the Last Year to Private Hospitals by Province and Health Insurance Used, 2019**



Source: BPJS

Based on the data captured above, the majority number of inpatients who were hospitalized in private hospitals in 5 different regions in Indonesia was covered by the BPJS Kesehatan.

In the most populous regions such as Sumatra and Java, the number of BPJS Kesehatan beneficiaries were more than 60%, as against less than one fourths that were covered by their own expenses. This percentage shows that a significant proportion of a private hospital’s income is derived from the government health subsidies National Health Insurance and Indonesian Health Cards (JKN-KIS) program.

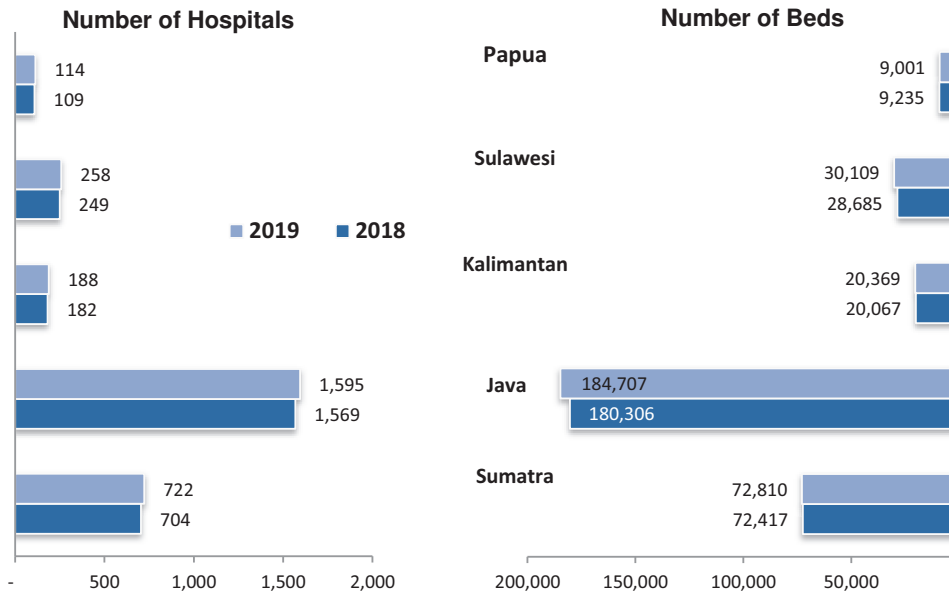
### 3.2.6 Impact of Delay in Elective Surgeries on Revenues

Delays in surgeries have a strong impact on patient health outcomes, hospital finances and resources, as well as training and research programs. Many hospitals in Indonesia are at the frontline of the pandemic crisis and have shifted most of their resources to handle the coronavirus cases. In Indonesia, the COVID cases have spiked over the August to September period. As at 13 November 2020, the daily rate of infection is at an all-time high of 5,444 new cases, with the national COVID task force announcing 104 new deaths on the same day, bringing the tally to 15,036 fatalities in Indonesia, while 385,094 COVID patients had recovered, leaving 57,604 active cases nationwide<sup>24</sup>.

Delays in the diagnostic evaluation of patients are also likely to contribute to the backlog of elective surgeries. Many diagnostic procedures, including colonoscopies, mammograms, and biopsies, are on hold during the pandemic. There are many patients who are being treated in hospitals with other diseases, such as heart disease or cancer and have a high risk of contracting the coronavirus and experience fatal complications when exposed to COVID. In addition, it should also be considered that patients who undergo a recovery period after surgery are at high risk of being infected with the coronavirus while they are being treated in hospital and can experience dangerous complications from this viral infection. The two key reasons for delaying surgeries are to limit the spread of the coronavirus in hospitals and to focus on medical personnel, health facilities, and medical equipment including beds and intensive care units (ICU), breathing aids, and personal protective equipment (PPE), on handling the number of coronavirus infections. Such delays in elective surgeries are in turn likely to cause significant backlogs in hospitals, thus, having impacts on the yearly revenues of the hospital<sup>25</sup>.

### 3.2.7 Shortages of Beds Needed to Treat COVID Patients

Chart 3-2: Number of Hospitals and Beds in 2018-2019



Source: Indonesia Healthcare Profile 2019, Ministry of Health

<sup>24</sup> Indonesia sets bleak daily record with 5,444 new cases, The Jakarta Post, 13 November 2020

<sup>25</sup> Points to Pay Attention to When Planning Operations During the COVID-19 Pandemic., Alodokter, March 2020

The total number of hospitals in Indonesia increased by 64 in 2019 to 2,877 hospitals. The total number of beds has also consequently increased to 316,996 with the vast majority of these beds located in the Java islands (44,069 in East Java, 43,042 in West Java, 40,921 in Central Java and 23,664 in the DKI Jakarta province).

In response to the on-going COVID pandemic, the Indonesian Government set up a COVID task force to monitor healthcare delivery across the country. As per the press release from the Health Ministry dated 12<sup>th</sup> October 2020, there are a total of 903 referral hospitals with over 35,271 beds dedicated for COVID treatment.<sup>26</sup> These include government hospitals (including local / provincial government), private hospitals and military hospitals.

In the capital city DKI Jakarta, there are a total of 4,824 isolation beds for COVID treatment across referral hospitals run by the provincial government. The occupancy rate for these hospital beds is approximately 78%. Additionally, the provincial government has created capacity of 725 ICU beds for COVID related treatment and the current occupancy rate for the ICU beds is approximately 72%. The provincial government has also partnered with various Graha's or Guest Houses and hotel's to operate as isolation facilities. Around 166 bedrooms from guesthouses in Jakarta Islamic Center, TMII, Wisata Ragunan, and additionally 352 bedrooms from 2 hotels in West and North Jakarta have been identified for this purpose. The provincial government is also coming out with a set of regulations related to transitioning of COVID positive patients who are currently under self-isolation or in containment zones to these hospital facilities.<sup>27, 28, 29, 30, 31</sup>

### 3.3 OUTLOOK FOR PRIVATE HEALTHCARE SERVICES (“HCS”) MARKET IN INDONESIA

Indonesia has been striving to contain the dual impact caused by COVID on public health as well as its economy. Amidst rapidly weakening of Rupiah against US dollar, the country has been among the worst-hit in South-East Asia. In addition to its existing challenges around providing equitable access to healthcare, hospitals in few provinces are expected to be inundated with critical COVID cases. Provinces such as DKI Jakarta, West Java, East Java, Banten, Central Java and South Sulawesi have been bearing the brunt of the highest number of COVID cases.

The Indonesian government has taken a number of decisive steps in its efforts to bring the COVID outbreak under control, including but not limited to expanding health care facilities, lifting duties and import taxes on many medical items to increase domestic stocks, and allowing the commercial imports of medical supplies previously limited only to government institutions and public service agencies.

Due to the on-going pandemic, the country is also facing shortage of beds with some leading to overcrowding. According to WHO, “Isolation beds are now at 70 per cent capacity in the country, raising concerns about the healthcare system's capacity to cope with the increasing number of new cases every week.”

The performance of the hospital sector is expected to remain challenged in the fourth quarter of 2020 and in 2021 as infection and death rates arising as a result of the COVID pandemic continue to remain elevated. As at 13 November 2020, the daily rate of infection is at an all-time high of 5,444 new cases, with the national COVID task force announcing 104 new deaths on the same day, bringing the tally to 15,036 fatalities in Indonesia, while 385,094 COVID patients had recovered, leaving 57,604 active cases nationwide.

<sup>26</sup> Covid-19 Isolation Facility in all provinces still adequate, Ministry of Health Republic of Indonesia, 12 October 2020.

<sup>27</sup> The Indonesian Government has prepared 10 thousand beds in 1,000 hospitals for COVID-19 patients, Satgas Covid-19, 27<sup>th</sup> April 2020.

<sup>28</sup> There are 903 Covid-19 Referral Hospitals in Indonesia with 35,271 beds, Liputan 6, 13<sup>th</sup> October 2020.

<sup>29</sup> Remaining beds for Covid-19 in Jakarta is 22%, Media Indonesia, 30<sup>th</sup> September 2020.

<sup>30</sup> Remaining Isolation Beds Capacity for Covid-19 in Jakarta is 23%, Kompas, 9<sup>th</sup> September 2020.

<sup>31</sup> Remaining beds for Covid-19 in Jakarta is 22%, Media Indonesia, 30<sup>th</sup> September 2020.



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Frost & Sullivan is of the opinion that another significant challenge facing the private hospital sector is the recruiting of doctors coupled with choosing the right location for hospitals. With over-crowding in Tier One cities, Tier Two cities are likely to be more promising owing to a lower bed occupancy signalling potential for growth. Lower costs in Tier Two cities are likely to result in better profits in these locations as against Tier One cities. Hospitals that have branches in Tier Two and Tier Three cities are likely to be more sought after as patients increasingly endeavour to seek treatment closer to home thereby avoiding travel amidst this pandemic.

Apart from fixed assets constraints, such as number of beds, supply and equipment shortages, there is a real risk for declining capacity due to workforce constraints. Furthermore, specific operational measures, protocols, and precautions in caring for COVID patients could lead to less-efficient healthcare delivery. For example, recovered COVID patients might spend several days in inpatient facilities and critical care beds awaiting test results before they are discharged, further decreasing capacity. As a result of abovementioned factors, the supply side of healthcare services (eg. limited number of inpatient facilities or isolation wards) which may in fact be curtailed despite efforts across the nation to bring additional reserve.

Telemedicine is increasingly emerging as one of the most important tools in Indonesia's fight against COVID. Although telemedicine had already taken root in Indonesia prior to COVID, the pandemic outbreak has been a key catalyst accelerating its adoption by both patients and doctors. Private hospitals are increasingly embracing telemedicine as a mode to healthcare delivery especially in the primary healthcare. Large hospital groups such as the Siloam Hospitals Group ("**Siloam Hospitals**") launched telemedicine in June, 2020 with a view to reaching out to a larger pool of patients. Frost & Sullivan is of the opinion that telemedicine is likely to be a key healthcare delivery route for primary healthcare in the near future.

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## 4 SILOAM HOSPITALS PROFILING

### 4.1 OVERVIEW OF SILOAM HOSPITALS AND INDIVIDUAL PROFILE WRITE-UPS

Siloam Hospitals is a chain of healthcare facilities in Indonesia. It is a listed hospital under the Lippo Group of companies. The group currently has 39 hospitals across 25 cities in the country. For the purposes of this management assessment we will be highlighting 14 assets under First REIT Management. The segments of the assets follow the classification according to the Siloam Hospital reporting terms in their Q3 2020 corporate presentation.

- Flagship: Well established hospitals with high revenue and profitability
- Mature: Profitable with high potential for further capacity growth
- Ramping Up: Hospitals opened in the last 2-4 years
- BPJS: More than 60% of revenue is derived from BPJS Kesehatan patients
- Distinct: Operates in distinct niche markets with high profitability profiles.

Pre-COVID, in 2019, the Siloam Hospitals was on a steady growth trajectory for 2020. Due to the effects of COVID, the hospital has had a y-o-y 48% reduction in occupancy as of Q3 2020, a significant reduction in volumes compared to a pre-COVID timeline. Their group Net Gross Operating Revenue (NGOR) has reduced by 0.6%, or IDR 10 billion. Due to several movement restrictions on the ground as well as patients choosing to postpone elective procedures, a reduction in medical check-ups or not visiting hospitals on account of health security in the pandemic, the inpatient and outpatient volumes declined by 39% and 28% respectively. One of the reasons for the muted performance of Siloam could be attributable to reservation of segregated space at certain hospitals for the treatment of COVID cases which have in-turn significantly limited the capacity of hospitals to treat non-COVID cases. In the short term, Siloam and other hospital operators have experienced, and are likely to experience in varying degrees patients opting to defer elective medical procedures such as cosmetic surgeries, non-urgent cancer-related surgeries as well as sports-related and other non-essential surgeries such as knee-cap surgeries due to concerns about hospital visits and stays amid the COVID pandemic

On an overall level, payor groups of the hospital are segmented by Out of Pocket (OOP), corporate insurance and BPJS health insurance. The y-o-y revenue contribution as of Q3 2020 of these segments have declined by 8% and 9% for the OOP group and for the corporate insurance group respectively, but have increased by 31% for the BPJS group. This could be due to an increase in BPJS Kesehatan patients during the pandemic, who are using services at Siloam Hospital, especially in relation to COVID testing.

In comparison to the SARS pandemic, the effects of COVID have drastically impacted governments, businesses, and society. Following the recovery trend post-SARS, the normalization to baseline post COVID may not happen at least until 2022. This recovery will also be dependent on vaccine effectiveness and the availability of the vaccine to the whole of Indonesia. Recovery is further contingent patients' confidence in the clean and safety practices of the hospital in order to return for elective procedures as well as medical check-ups.

A number of hospitals under the 'ramping up' segment did see an increase in patients during the pandemic; this segment grew by 145% NGOR in Q3 2020 y-o-y. This could be attributed to public awareness on the need for COVID testing as well as efforts made by the hospital to assure the public that they have strict health protocols under their 'Clean and Clear' guidelines across all hospitals in the group.

Siloam Hospitals has several strategies for its business growth, one of which is dedicated solely to the post-COVID recovery of the business. Three of these objectives are to firstly, assure the public of its strict guidelines and protocols around the health and safety of patients and visitors, secondly, to provide increasing capacity for COVID testing in all of its hospitals and lastly, Siloam Hospitals has increased its digital strength to provide tele-medicine infrastructure for its hospitals as of June 2020.



In terms of number of hospitals, Siloam Hospitals Group is the largest among publicly listed private hospitals in Indonesia with 39 hospitals as at 3Q 2020<sup>32</sup>.

This section contains individual profile write ups for each of the Siloam hospitals operated by First REIT in Indonesia. The information contained within this document is from both secondary sources such as press releases, journals and annual reports, as well as primary interviews with the management representative of Siloam Hospitals.

#### 4.1.1 Siloam Hospitals Labuan Bajo

##### Location trends

Siloam Hospitals Labuan Bajo (“SHLB”) is located in the Komodo sub district, West Manggarai, Nusa Tenggara. The Indonesian government had plans to focus its attention on Labuan Bajo, as one of the top 5 premium tourism destinations in Indonesia.

With developments in place for Labuan Bajo to be a premium destination since 2018, the target was to attract a minimum of 500,000 tourists for Labuan Bajo in 2020. In 2018, total tourists were 163,054, in 2019 there were 184,208 tourists, registering a y-o-y growth of 13%. However, currently, Labuan Bajo is under a COVID red zone making the 500,000 tourists mark a distant dream. Due to the pandemic, international tourists to Labuan Bajo have decreased by almost 50% y-o-y<sup>33</sup>.

Other than agriculture and other allied sectors, the economy in Labuan Bajo is largely boosted by tourism. Therefore, supporting industries such as transportation, hospitality, retail, banking and finance, food & beverage (F&B), have all been impacted negatively in 2020. Due to the large drop in tourists, more than 4,500<sup>34</sup> people have lost their jobs in multiple industries and the economy has slowed down greatly.

##### Government Support

In October 2020, President Jokowi reiterated plans to make Labuan Bajo a premium tourism destination. Accordingly, infrastructure and supporting facilities have been planned, some partially built, to support this vision. Additionally, Labuan Bajo will be part of the National Tourism Strategic Area, or KSPN.

Three ministries have provided notable support to the area. One of the projects is by the Ministry of Public works and Public Housing (PUPR), which allocated IDR 1.3 trillion<sup>35</sup> for infrastructure development in the 5 priority strategic areas for national tourism (KSPN)<sup>36</sup>. This development project includes water resources, road construction, bridges, accommodation and housing.

The Central Government has also given assistance to various hospitals including Siloam Hospitals Labuan Bajo by way of providing Personal Protective Equipment (PPE).

Due to the ongoing COVID pandemic, the government is also looking to promote sustainable tourism that promotes the health and safety of tourists, and is focused on creating more programs that will boost domestic tourism. Minister Wishnutama Kusubandio of the Ministry of Tourism and Creative Economy (Menparekraf) has invited tourism ministers of G20 member countries to continue working together to jointly prepare for new standards in responding to the pandemic and global changes in the tourism sector.

##### Future trends

There is a focus to develop the city further, into a premium tourist destination that will enhance the economy and availability of jobs for the residents of the region and Labuan Bajo. In 2023,

<sup>32</sup> Siloam Press Release dated 27 October 2020, Siloam Hospitals Reports 9M2020 Revenues Decreased 4.1% to Rp5,001 billion as COVID-19 Continues to Impact Revenues and Earnings

<sup>33</sup> Tourists reduce travel to Labuan Bajo, Kompas, April 2020

<sup>34</sup> West Mangarai Covid statistics, June 2020

<sup>35</sup> Government allocates RP1.3trillion for Labuan Bajo development, Antara News, April 2020

<sup>36</sup> Labuan Bajo part of the Super High Priority Developments, KSPN, Kompas, September 2020

the G20 and 37<sup>th</sup> ASEAN Summit is likely to be held in Labuan Bajo due to which infrastructure and connectivity is likely to be further enhanced by the government. Initiatives like this are expected to help the employment levels and incoming international and domestic tourism. Consequently, it is also likely to bring in more traffic to the area and potentially, more patients for SHLB.

The provincial government is also planning to oversee the development of the Tana Naga Mori Tourism Special Economic Zone to create opportunities and employment for the locals in the MICE industry. This is for summits to take place, by building 5-star hotels and villas with a convention hall that has a capacity of nearly 2,000 people<sup>37</sup>. The intention again is to bring traffic to this area and promote the economy and visibility of Labuan Bajo.

#### **Siloam Group recent news and activity**

Siloam Hospital Labuan Bajo has been appointed by the governor as a referral hospital so that the public hospital, RSUD Komodo, will not be overtaxed in serving the general public. SHLB is one of the 7 hospitals appointed as a referral hospital for emerging diseases, due to the pandemic.

Collaborations with clinics and insurance providers or online stores, such as Tokopedia, are channels for SHLB's rapid test services. For example, Jasa Raharja Insurance provides free rapid tests and medical treatment services in Labuan Bajo by collaborating with doctors and paramedics from SHLB<sup>38</sup>.

#### **Asset Performance**

SHLB falls under the Region 3 cluster as per Siloam's reporting terms, together with other hospitals in the regions of East Java, Bali, West & East Nusa Tenggara and Timor. SHLB is a hospital within the 'ramping up' segment in Siloam Hospital's reporting terms.

The hospital in Labuan Bajo mainly caters to tourists and the BPJS Kesehatan market and currently has an admission of approximately 15%, which has been fluctuating between 15-20% since 2019.

#### **Key Indicators**

SHLB is classified as a 'ramping up' hospital. Within the 'ramping up' hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

##### **Beds**

The maximum bed capacity of SHLB was at 124 beds as of December 2019 and this reduced to 104 beds as of 3Q2020. Operational beds were a constant at 95<sup>39</sup>.

##### **Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHLB is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

#### **Financial Performance**

Although SHLB enjoyed the first mover advantage since it commenced operations in 2016, it has yet to establish itself profitably to become the referral point for other healthcare services providers. As of 3Q 2020, EBITDA and net income margins, albeit negative, have improved over the years. This has taken longer than a typical ramping-up hospital which normally requires 2-3 years to profitability. That being said, Frost & Sullivan is of the opinion that this could be due to a combination of the remote location of Labuan Bajo as well as the COVID situation in the country.

<sup>37</sup> Labuan Bajo builds 5 star facilities for G20, Kompas, February 2020

<sup>38</sup> Rapid testing with discounts in Labuan Bajo, Tribune News, October 2020

<sup>39</sup> Siloam 9M20 & 3Q20 Results Presentation Slides

.From a macro-economic perspective, the economy of Labuan Bajo is highly dependent on agriculture, forestry and fishing and its population has lower than national average healthcare spending. This is also reflected in terms of outpatient and inpatient traffic as patients prefer to visit clinics rather than paying a premium by going to a hospital.

However, improvements were seen across metrics. Referring to Siloam’s 3Q 2020 presentation and previous IMR report, number of operational beds which were at around 20 beds in 2016 rose to 95 beds whilst at an overall “Ramping up” cluster level NOR per-bed was approximately IDR 85.3 million in 3Q 2020. Top-line revenue is still growing at a healthy pace despite a marginal dip in 2019. The drag is expected to linger in 2020 and 2021 due to the COVID pandemic.

Going forward, improving its existing services and implementing new services while continuing to build presence and establishing itself as nexus of referral will be a key lever of SHLB growth strategy. Demand for medical services attributable to the access to healthcare services that BPJS Kesehatan brought about played a key role to tap the lower income population and has become more relevant now in the midst of economic hardship that the pandemic has brought about. Frost & Sullivan is of the opinion that, other things remaining constant, and the economy staging a recovery, SHLB is expected to be EBITDA positive by 2021 – 2022.

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Advanced Technologies: SHLB has a ready telemedicine infrastructure which could be a potential avenue for growth as well as a competitive advantage as it is the only hospital with this level of tech infrastructure in NTT.</li> <li>▪ The asset is the only hospital with a hyperbaric oxygen chamber facility in the NTT region, creating a competitive advantage since the region is known for diving tourism.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Human resource challenges: Shortage of skilled healthcare talent is a common challenge in this region and may impede their growth especially in this COVID period.</li> <li>▪ Remote Location: As Labuan Bajo is not central in its location, it may be difficult to retain specialist staff as well as drug supply to this asset may be slightly more costly.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Brand Name: With the Siloam brand name, the government may increasingly rely on them to handle emerging diseases in the future, becoming a Centre of Excellence for emerging diseases.</li> <li>▪ Government Support: Due to its strong ties with the government, SHLB is able to receive referrals for patients and initiatives due to COVID</li> <li>▪ Tana Naga Mori Tourism Special Economic Zone to create opportunities with additional traffic to Labuan Bajo.</li> <li>▪ There is strong government initiatives and support to develop this region into the next tourism hotspot</li> <li>▪ Global Events: The increase in commercial and public activity in gearing up for the G20 and 37th ASEAN Summit in 2023, may provide more traffic to SHLB.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Local Culture: The local community typically visits clinics for outpatient conditions; hence, SHLB could be the last resort for locals to seek treatment.</li> <li>▪ Industry dependencies: Key industry in Labuan Bajo is tourism and this is badly affected. That the industry will turnaround in 2021-2022 is only a prediction.</li> <li>▪ Demographic: Caters mainly to the BPJS Kesehatan market, where there may not be high margins or large out of pocket payor groups.</li> </ul>

Source: Secondary research and primary interview with Management Representative of Siloam

**Outlook**

According to Frost & Sullivan, the dynamics of travel have changed greatly due to the pandemic; therefore, it will take increased government support and tourism investments before the city returns to its’ initial forecast of growth in the tourism sector. There is government

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support on the national and provincial level, which may accelerate its growth, with infrastructure projects as well as the development of a special economic zone.

Multiple initiatives around tourism are being carried out by the national and provincial authorities. The G20 and 37th ASEAN Summit, taking place in 2023 in Labuan Bajo, could be a gauge on Labuan Bajo's comeback post COVID, with all the investments, infrastructure and connectivity projects that will be executed.

#### 4.1.2 Siloam Hospitals Bali

##### Location trends

Siloam Hospitals Bali ("SHBL") is located in the district of Badung in Bali. Bali is the most popular tourism hotspot in Indonesia according to the Central Statistics Agency (BPS). Denpasar, Batam and Jakarta are among the top 10 cities in the world with the fastest growth in tourism, as per a study in 2019<sup>40</sup>. In 2020, tourists to Bali has greatly declined due to the COVID pandemic.

At present, Bali is closed to foreign tourists until the end of 2020 and is instead dependant on local tourists. Denpasar has reported 2,966 COVID patients with 75 deaths as of October 2020. The total positive cases of COVID in the Badung Regency has reached 1,021<sup>41</sup> cases. In Bali the PCR swab testing rate averages between 10%-20%<sup>42</sup>, which the World Health Organization categorizes as a high rate of viral activity with the optimal rate range bound between 3%-5%.

With foreign tourists in excess of 6 million, tourism contributed to approximately 80% of the province's economy in 2019. However, Bali's economy has contracted by 10.98% in 2020<sup>43</sup>. Since the pandemic, the hospitality and F&B industry has been struggling, with many employees returning home to villages and smaller towns to earn an income. The Office of Industry and Manpower (Disperinaker) of Badung Regency, noted that 532 companies engaged in the tourism sector, such as hotels, villas and restaurants, have been shut since July 2020. This has affected thousands of employees and around 42,409<sup>44</sup> have been asked to go on a forced leave of absence and 1,551 individuals have lost their jobs.

In an attempt to ease public fears and boost tourism domestically, the Bali Hotel Association launched a social media strategy of a "60-day-holiday"<sup>45</sup> through a promotional video which advertised health authority links and information on travel restrictions, public health and safety measures.

A private financial services player, Mandiri Bank, has implemented cashless payment infrastructure, through QR payments, in Kuta that will reduce physical contact, and thereby prevent the spread of COVID.

##### Government Support

The government in Denpasar has closed certain public facilities where large gatherings occur to prevent clusters of infection. The district government also seeks to suppress further infections by increasing the number of health protocol inspections, through performing random rapid tests, ensuring social distancing, and enforcing the wearing of masks.

With tourism and its peripheral sectors taking a massive hit, the Badung mayor is giving employees who are on forced leave of absence or who have lost their jobs, an incentive of IDR 600,000 for 3 months<sup>46</sup>, from October to December 2020.

The Bali Provincial Government Tourism Office issued 677 certificates<sup>47</sup> of the "New Era, New Life Order" protocol, or otherwise known as the "Cleanliness, Health, Safety and Environmental

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<sup>40</sup> Denpasar, Jakarta and Batam highest growth in the world, Hilda B Alexander, September 2019

<sup>41</sup> Covid Update for Bali, Tribun News, October 2020

<sup>42</sup> Coronavirus Situation Update, World Health Organization, June 2020

<sup>43</sup> Govt Tightens Rules on Bali Visitors As Covid19 Cases Rise, The Jakarta Post, September 2020

<sup>44</sup> Businesses close and workers are forced on leave or terminated, Bali Tribune, September 2020

<sup>45</sup> Next stage of social media campaign by the BHA, Bali Hotel Association, October 2020

<sup>46</sup> Hundreds of Tourism businesses closed, Bali Express, September 2020

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Sustainability” (CHSE) protocol for businesses in the tourism industry. Such businesses include hotels, transportation services, and tourist attractions. Verification efforts for the certification is in progress and is targeted to be completed by the end of December 2020.

The Badung regency has also partnered with 4-star hotels to allocate 64 rooms as a quarantine facility for Indonesian migrant workers and students returning from overseas, and 25 rooms for medical personnel.

#### **Future trends**

The district government has signed an infrastructure agreement with the Ministry of Finance for a Public Private Partnership tender, to construct the South Ring Road in the South Kuta district. This is planned to start from Benoa Village, continuing to Ungasan Village, Kutuh Village, Pecatu Village and Jimbaran Village. The South Ring Road will be 31.3km and will increase connectivity within the Badung Regency, which will in turn increase local tourism and employment.

The key focus for the short term is on the revival of the economy through encouraging domestic tourism, as an effort to support economic recovery. The Ambon city government and Badung District government are collaborating to create an “Ambon-Bali Music Art Festival”. This will be held at Pandawa Beach, Kuta Beach and La Plancha Beach. The objective is to create hype and buzz around an attraction during the pandemic in an effort to attract domestic tourists. This in turn is expected to generate economic activity for multiple businesses around the 3 beaches.

In the future, Mandiri Bank is likely to develop QR services to other areas in Bali and Nusa Tenggara as a form of their commitment to restore confidence in retail payments and in the national economy, especially in the tourism sector.

#### **Siloam Group recent news and activity**

Siloam has a pre-existing infrastructure for telemedicine which has been combined with an e-prescriptions service through the Aido Health app. This service is only available in Jakarta, Tangerang, Medan, Balikpapan, Denpasar, Surabaya, Palembang and Makassar.

The regional government has collaborated with SHBL where the hospital was asked to allocate 20 isolation rooms for COVID patients. As hospitals are reaching full capacity for affected patients in the city, the regional government may request SHBL to allocate 30 more beds in their isolation ward as of October 2020<sup>48</sup>.

#### **Asset Performance**

SHBL falls under the Region 3 cluster as per Siloam’s reporting terms, together with other hospitals in the regions of East Java, Bali, West & East Nusa Tenggara and Timor. SHBL is a mature hospital.

This asset attributes a large proportion of its revenue from the out of pocket payor group, as it caters to the foreign tourist population. This is the only hospital in the group where foreign patients are its key target market segment.

#### **Key Indicators**

SHBL is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment’s net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

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<sup>47</sup> Collaboration to improve the economy with cashless payments, Republika Indonesia, October 2020

<sup>48</sup> Siloam increases isolation rooms, Radar Bali, October 2020

**Beds**

The maximum bed capacity of SHBL is at 281 beds while operational beds grew from 124 in December 2019 to 150 as of Q3 2020.

**Admissions**

With reference to Siloam’s 3Q 2020 presentation, we understand that SHBL is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

**Financial Performance**

Strategically located in one of the most vibrant parts of Bali, SHBL enjoyed strong growth in revenue since commencing its operation in December 2012. Top-line sales grew to IDR 380 billion with an average annual growth of approximately 22% (2014-2019) while gross margin profitability improved and indexing comparably with other Siloam-operated flagship hospitals at around 35%-40%<sup>49</sup>. SHBL financial result attains greater significance considering the intense competition that it is having with other hospitals. However, it is also noted that SHBL’s occupancy rate has barely improved from its 2014 levels with only approximately 105 operational beds to 150 in Q3 2020 out of its maximum 281 bed capacity which suggests that majority of its revenue is driven by revenue attributable from its outpatient medical services.

From macro-economic standpoint, Bali has witnessed rapid urbanization as its economy has shifted from an agricultural-based economy to a service-driven economy. It has transformed itself as a major tourist attraction both domestically and internationally. While the growing tourism market has created a demand for medical tourism, SHBL has yet to capture a significant market share of this segment.

With nearly 70% of Bali’s population dependent on tourism, the COVID pandemic has severely impacted the businesses that are operating on the island. It has seen extensive job and income losses since it closed its borders in April 2020. It has a direct impact to SHBL financials as patients are thinning out and people are looking for a cheaper alternative to quality healthcare services. Frost & Sullivan is of the opinion that the set-back is only going to be temporary. Latent demand for good quality healthcare services continues to exist and will eventually manifest once the economy recovers.

**SWOT Analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Advanced Technologies: Telemedicine and e-prescriptions as a value-added offering at Siloam Denpasar.</li> <li>▪ Brand Name: With its strong brand name and growth in patients and community education in Bali, SHBL is seen as a credible hospital by the government and one that can support COVID patient cases in Bali.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Industry dependencies: Majority of patients at this asset are tourists, falling in the Out of Pocket payor group. There is limited certainty on when tourism numbers will revert back to the pre-COVID baseline, considering that Bali is closed to foreign tourists till the end of 2020.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Safety Certification: Verification efforts are in progress for Bali to be a safe</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Industry Dependencies: As the district largely relies on tourism, it is unknown</li> </ul>

<sup>49</sup> Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment



<p>destination despite COVID within the hospitality sector, to attract domestic tourists, promote travel security and increase traffic to the area.</p> <ul style="list-style-type: none"> <li>▪ Tourism focused initiatives: With planned initiatives in tourism and infrastructure developments on by the government and private sector, there could be additional traffic to the area, creating job opportunities, increased spending power and economic activity.</li> <li>▪ Potential Centre of Excellence: There may be a possibility to explore a centre of excellence around emerging diseases at SHBL, to tap on the surrounding region, incoming visitors and local population needs during the pandemic.</li> </ul>	<p>when growth will revert back to a pre-COVID baseline, with foreign tourist restrictions expected to be in place till December 2020.</p> <ul style="list-style-type: none"> <li>▪ Domestic tourism promotion: Despite having campaigns to attract domestic tourists, it has not yet been proven in the past that this will be successful.</li> </ul>
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*Source: Secondary research and primary interview with Management Representative of Siloam*

### Outlook

With economic activity in Bali relying heavily on tourism, the recovery here may not happen in the short term in view of the COVID pandemic. Additional measures put in place by the government are likely to contain the spread of the virus and restore normalcy in living conditions. After stabilization in the community occurs, initiatives around domestic tourism may prove successful in increasing economic activity in the district.

There has been no announcement by the authorities on when the restriction on foreign tourists entering Bali is to be lifted. Tourism and peripheral services may start to normalize after foreign tourists are allowed back into the city.

### 4.1.3 Siloam Hospitals Buton

#### Location trends

Siloam Hospitals Buton (“SHBN”) is located at Jalan Sultan Hasanuddin, Bau Bau, in the Wolio sub-district. The government had plans to develop Bau Bau into an integrated fishing area since it has a strategic location in connecting West and East Indonesia.

Since 2016 these development plans have included building an integrated fishing development scheme, seaports as well as the current airport. Aside from the fisheries industry, the key industries in Buton are agriculture, wholesale & repair, and construction, making up 60% of the economy according to the Buku Statistics 2020<sup>50</sup>.

Due to the COVID pandemic, more than 8,000<sup>51</sup> businesses have been impacted and their turnover has shrunk by more than 50%. At 21 new cases, in September 2020 alone, Buton had the highest number of cases in Southeast Sulawesi.<sup>52</sup>

There has been private and government support to aid with the situation in Bau Bau. Pertamina created “Desa Siaga”, loosely translated to Alert Village, as a preventative measure to educate

<sup>50</sup> Buton Regency in Figures, Central Bureau of Statistics of Buton Regency, April 2020

<sup>51</sup> 8000 MSMEs in BauBau Submitted to Receive Assistance, Kendari Pos, 9 June 2020

<sup>52</sup> 56 New cases of Corona Virus in Southeast Sulawesi, the most in BauBau City, Inilah Sultra, September 2020



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and raise awareness on health protocols needed post-COVID. Measures such as wearing a mask, social distancing and health etiquette when sneezing and coughing are taught here. The local police, Polres, has also donated 10 tons of rice<sup>53</sup> to the low-income strata, who are most impacted by the pandemic, for their basic necessities.

In July 2020, in an effort to restore normalcy in the region, ferry services to surrounding islands and Citilink flights to Bau Bau have resumed. This of course includes compulsory quick tests measures and social distancing<sup>54</sup>.

### Government Support

In an attempt to help spur economic activity, the mayor of Bau Bau, Southeast Sulawesi, issued a mayoral regulation, Number 15 of 2020. This concerns handling the economic impact of the spread of COVID, both by eliminating market levies, eliminating flat-housing levies, and reducing the rental of Wameo market booths for three months, from May to July 2020. Additionally, 262 micro businesses are also likely to receive IDR 2.4 million<sup>55</sup> from the regional government.<sup>56</sup>

As part of their efforts to reduce the number of COVID cases, the government of Bau Bau city, has formed volunteer health professional groups to accelerate the handling of COVID testing. It is expected that the 72 health professionals, who are volunteers, will always maintain cohesiveness in COVID measures and actions. On top of this, the City government of Bau Bau implemented a new post COVID regulation, Perwali 35/2020<sup>57</sup>, where it outlines safety protocols for the public such as social distancing and the compulsory wearing of masks in public.

### Future trends

Regional budget revisions have also been proposed and are awaiting approval by the regional parliament. These revisions are for COVID relief management, construction of WIFI hotspots at several points for the Kindergarten (TK), Elementary School (SD) and Junior High School (SMP). This is so that connectivity to the internet can be improved and can be accessed by students, so that they can continue learning. Another action item in the proposed budget is for bridge construction connecting Buton Island and Muna Island which is expected to aid in jobs creation and facilitate additional accessibility to Bau Bau.

Another post-COVID government measure introduced by the Ministry of Marine Affairs and Fishery include planning for the further development of industrial areas into fisheries, and proposes promoting marine tourism in Bau Bau. The development of this integrated area aims to prepare the marine and fisheries sector as a buffer for the Indonesian economy, in facing the impact of the pandemic. For a start, the Ministry of Marine Affairs & Fishery has invested IDR 5 Billion<sup>58</sup> for shrimp farming at this location.

In the future, this development is also likely to expand along the coast of Wameo, Tarafu and Bone-Bone. Furthermore, the proposed 2021 plan<sup>59</sup> in the fisheries industrial area includes the provision of cold storage to support the operation of the Wameo fish landing base (“PPI”). In addition, there is a proposal to revitalize the ice factory at the PPI and support for marine, fresh and brackish water cultivation facilities and infrastructure (Sarpras).

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<sup>53</sup> To Help Affected Residents of Covid 19 BauBau Police Distributes 10 tons of Rice, Tegas, August 2020

<sup>54</sup> Ferry services and flights resume post COVID, Ekonomi, July 2020

<sup>55</sup> BauBau City UMKM Players Will Get Rp 24 Million Stimulus Funds This is the Requirement, Satulis, August 2020

<sup>56</sup> The Impact of Covid-19 Mayor of Baubau Waived Retributions For Flats, Sultra Antaraneews, April 2020

<sup>57</sup> The Baubau City Government has started to socialize the Mayor Regulation on Covid-19, Rubrik Sultra, September 2020

<sup>58</sup> Ministry of Marine & Fisheries Have Disbursed Rp 5 Billion For the development of shrimp ponds in Baubau City, Liputan6, August 2020

<sup>59</sup> Minister Edhy approved the Fishery Industrial Estate Development Plan in Baubau City, Ministry of Marine & Fisheries Indonesia, August 2020

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### **Siloam Group recent news and activity**

Currently the Bau Bau city government, or Pemkot, has prepared two hospitals to deal with the current COVID crisis, for passengers arriving with a temperature of above 39° celsius. These two hospitals are Siloam Hospital Buton and RSUD Palagimata Baubau.

### **Asset Performance**

SHBN falls under the 'ramping up' segment, in the Region 4 cluster as per Siloam Hospital reporting terms, together with other hospitals in the region such as Palangkaraya, Balikpapan, Paal Dua, Manado and Makassar.

### **Key Indicators**

SHBN is classified as a 'ramping up' hospital. Within the 'ramping up' hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

#### **Beds**

The maximum bed capacity of SHBN is at 140 beds while operational beds decreased from 80 in December 2019 to 65 as of Q3 2020.

The hospital is likely to open up to its full capacity of 100 rooms in 2021, so that it can continue to be classified as a type C hospital.

#### **Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHBN is classified within Region 4 in Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

### **Financial Performance**

Operational since 2016, SHBN is among the newer hospitals operated by Siloam and shares common characteristics with SHLB in that both are located in Tier 3 cities, in close proximity to major tourist attractions and that both were built as a point of referral for healthcare service providers. Not surprisingly, the performance is similar to that of Labuan Bajo, i.e., it has started to gain significant market share as it is the only hospital equipped with up-to-par quality medical equipment, resulting in improved profitability since its inception.

The region has one of the lowest personal healthcare expenditure in the country and below national average GDP per capita. Challenging macro-economic environment has resulted in a tepid growth of SHBN metrics. For instance, as of 3Q20, NGOR for ramping up hospitals established in 2016 which include SHBN and SHLB was approximately IDR 17 billion, barely improving from the 3Q18 figure. Similarly, the number of operational beds also remained relatively stagnant since launch with only 65 operational beds out of the total 140 bed capacity. It also significantly underperforms when compared to other newer Siloam Hospitals in the portfolio that were launched in 2017 and 2018. As of 3Q2020, NGOR from hospitals launched in 2017 grew at an average 3-year CAGR of +36% whereas hospitals launched in 2018 grew at approximately 183% for the same period. In comparison, SHBN and SHLB grew by approximately 3% during the same period.

Overall, improving growth and referral processes while improving its' cost efficiency initiatives will be key for SHBN growth strategy. Frost & Sullivan is of the opinion that, other things remaining constant, and the economy staging a recovery, SHBN is expected to be EBITDA positive by 2021 – 2022.

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Brand name: The brand name of Siloam Hospitals has a reputation for high quality of healthcare services.</li> <li>▪ Advanced Technologies: Siloam group has a telemedicine infrastructure in place that may help consultations of serious cases in remote areas.</li> <li>▪ Asset has unique technologies such as a urology, hematology and MRI departments.</li> <li>▪ Location: The location of SNBN is advantageous as it connects East and West Indonesia, asset is located close to inter island facilities like shopping and transportation centres.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Pandemic effects: Currently the demographic of patients at the hospital are the BPJS Kesehatan group, an increase has been noticed due to the effect of the pandemic and a resultant increase in testing. However, this growth and increase may not be a long term trend</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Geographical reach: Bau Bau is situated in Buton Island which consists of five regencies and one city (Bau Bau). All of the five regencies have minimal healthcare facilities in place. Therefore, Bau Bau has the opportunity to be the referral centre for Buton Island by liaising with clinics and hospitals in other regencies.</li> <li>▪ Government support: With the planned integrated fishing area, more jobs in construction and development are likely to be created. This in turn is expected to bring additional patients to SHBN.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Accessibility: As flights and ferry services have only recently opened up for Bau Bau, it is uncertain if the general public has security or credibility in travelling to the area in the pandemic.</li> <li>▪ Travel Restrictions: Other attractions such as WAKATOBI which is accessible via Bau Bau are still closed to tourists, it is not indicated when this will open up again.</li> </ul>

*Source: Secondary research and primary interview with Management Representative of Siloam*

**Outlook**

Buton relies on trade routes between East and West Indonesia for its port activities and its fishing industry. Regional revenue (PAD), for Bau Bau was targeted at IDR 922 billion but due to COVID this revenue has decreased by 8.64% to IDR 802 billion. Since there is government support on a regional level for the development of the integrated fishery area, this may bring in more employment and therefore increased footfall to Bau Bau.

As SHBN is one of the two hospitals that has been appointed to handle COVID related cases, the assets' patient pool may increase especially since sea and air transport routes have resumed.

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#### 4.1.4 Mochtar Riady Comprehensive Cancer Centre

##### Location trends

As one of the three flagship hospitals of Siloam, the Mochtar Riady Comprehensive Cancer Centre (“**MRCCC**”) is Indonesia’s first and largest private comprehensive cancer centre located in Semanggi area in Jakarta. Since its opening in 2011, it has grown to become one of Indonesia’s leading specialist hospitals, providing reliable, effective and high quality healthcare for all patients.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%<sup>60</sup>. This downward trend is further impacted by the decline in domestic economic activity as a result of the PSBB policy, to prevent the spread of COVID. Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion<sup>61</sup>. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the transitional PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

The total positive COVID cases in South Jakarta, as of mid-October, has reached 2,285 cases. Accordingly, the regional government, Pemprov DKI, has appointed 14 referral hospitals<sup>62</sup> in South Jakarta for affected COVID patients, so that no hospital is over burdened with a high number of patients.

The largest industry contraction in Jakarta has been in the hotel accommodation industry at 34.8%, F&B industry at 23.4%, transportation industry at 20.5%, and the processing and trade industry at 13.6%<sup>28</sup>. The contraction in various sectors is consistent with the contraction in domestic demand and total exports in the second quarter of 2020. Aligned with this contraction, the head of South Jakarta city Manpower and Transmigration sub-department has reported that there have been 5,410 workers terminated and 25,112<sup>63</sup> workers forced to take a leave of absence.

The financial services player, Mandiri Bank, together with PT Transportation Jakarta (Transjakarta), have issued a special edition e-money card to facilitate cashless payments in all modes of public transportation in the Jak Lingko system. This is so that there will be a direct reduction in contact between public vehicle staff as well as passengers. Jak Lingko is an integrated public transportation program that covers 85%<sup>64</sup> of the DKI Jakarta area through 274 routes.

##### Government Support

As part of their initiatives to mitigate the spread of COVID, the Provincial Government (Pemprov DKI) provided 5,556<sup>65</sup> cloth masks to be distributed in the areas of Karet Semanggi Village, Setiabudi in South Jakarta. To support those who need financial aid and basic necessities, they have also distributed basic food aid packages here. Within this area there is active surveillance (“*tertib masker*”) to ensure masks are always worn in public, this involves law enforcement agents as well as government officials.

One of the key activities that was carried out by the government to reduce the spread of the virus was to spray disinfectant in all neighbourhood areas. Public Infrastructure and Facilities Handling (PPSU) officers, as well as officers from other agencies were deployed in this activity.

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<sup>60</sup> Bank Indonesia Regional Performance Report DKI Jakarta August 2020, Bank Indonesia, September 2020

<sup>61</sup> DKI Jakarta’s Revenue Target Misses By 40.7 T due to Corona, CNN Indonesia, May 2020

<sup>62</sup> These Are 14 COVID-19 Referral Hospitals in South Jakarta, Antara News, September 2020

<sup>63</sup> Jakarta Imposes a Transitional PSBB, Following the Covid-19 Update in South Jakarta, Jaksel News, October 2020

<sup>64</sup> Bank Mandiri Issues the Jak Lingko Edition of E-Money, Money Kompas, November 2020

<sup>65</sup> Karet Semanggi Village Receives 5,566 Cloth Masks, Jakarta News, May 2020

The Health Service Unit (UPK), with support from the Ministry of Health, held COVID Mass Rapid Tests and screenings in the Setiabudi district. As soon as there were suspected positive cases, they were isolated so that the patients do not become a source of transmission in the community.

#### **Future trends**

PT Moda Integrasi Transportasi Jabodetabek, MITJ, is a joint venture of rail based public transportation systems in the Jabodetabek area. MITJ will start working on 11 top priority initiatives which will integrate transportation modes in the region to aid accessibility as well as reduce contact points through journeys.

The Karet Semanggi Village in Setiabudi plans to implement initiatives that will reduce the issue of flooding during the monsoon season, by building 10 infiltration or vertical drainage wells. This will reduce the cyclical flooding that happens every year as well as provide employment in the region.

#### **Siloam Group recent news and activity**

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

MRCCC organized its 'Run for Hope' in Sudirman on the Car Free Day area, to commemorate World Cancer Day 2020. This run was dedicated to cancer survivors and patients in Indonesia. It liaised with the Indonesian Cancer Foundation (YKI) for 'Hair to Share', an activity to donate human hair to cancer patients, also to commemorate World Cancer Day 2020.

A MRCCC hospital director conducted a webinar in July 2020 with AstraZeneca called 'Kelanjutan Perawatan Kanker di Indonesia' or continuous care for cancer patients in Indonesia, to reassure the public that the quality of care is on par with Singapore and Malaysia at MRCCC. He also encouraged cancer patients to continue or start their treatment as MRCCC is a comprehensive cancer treatment facility. Specialized treatments such as a specific Immunohistochemical (CPI) test for certain types of cancer (Non-Small Cell Lung Carcinoma (NSCLC), namely TTF-1, Napsin-A, P63) is available at MRCCC. Target therapy can also be done to target cancer cells specifically through CPI (ALK PD-L1) and molecular testing (EGFR).<sup>66</sup>

Overseas travel was restricted and most country borders have been shut down due to the COVID pandemic. This may be one of the factors for the volume increase of 50% from chemotherapy services in March 2020 at MRCCC, this percentage does not include inpatients who had to undergo chemotherapy<sup>67</sup>.

#### **Asset Performance**

MRCCC Siloam falls under Region 1 as per the Siloam Hospital reporting terms, together with other hospitals in the Greater Jakarta Area. It is part of the Flagship segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

#### **Key Indicators**

MRCCC is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's NGOR declined by 5% y-o-y.

#### **Beds**

The maximum bed capacity of MRCCC is at 334 beds while operational beds grew from 176 in December 2019 to 184 as of Q3 2020

<sup>66</sup> Cancer treatments in MRCCC on par with overseas standards, Harian Terbit, July 2020

<sup>67</sup> Chemotherapy Patients increase at MRCCC, Investor ID, May 2020

**Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that MRCCC is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

**Financial Performance**

Located in the heart of a commercial centre in Jakarta, MRCCC has paved its way to profitability since its inception in 2011. It is one of Siloam's flagship hospital and the third largest contributor to Siloam's group portfolio revenue next to Siloam Hospital Lippo Village and Siloam Hospital Kebon Jeruk. Revenue grew from a modest IDR 33 billion in 2011 to IDR 764 billion in 2019 representing an average annual growth of approximately 48%; while from profitability standpoint, it is operating as one of the group's highest gross margin contributor, with gross margin at approximately 38% and Net Income margin at approximately 21% in FY19.

While long-term outlook remains positive, in the short term, COVID threatens to derail MRCCC growth trajectory. The PSBB that was enacted by the regional government has impacted the economy all around including the hospital / healthcare sector. Revenue from the flagship segment dipped in 9M2020 declining by -7.4% y-o-y while EBITDA and Net Income margin declined to 30% and 20% respectively. Frost & Sullivan is of the opinion that this downturn is only temporary. There is only one other cancer hospital, Dharmais Cancer Centre and a hospital based oncology department at RSCM, both of which are state-owned. Shortage of advance cancer care is likely to get the hospital's financials back on a growth trajectory as soon as the pandemic situation improves.

According to the Ministry of Health, there has been a higher prevalence of cancer in Indonesia. Prevalence of cancer which was 1.4 per 1,000 population in 2013 increased to 1.79 per 1,000 population in 2018. This is further expected to increase in the near future and MRCCC is likely to be well-positioned to take advantage of this trend. It offers advanced oncology therapy at a fraction of costs compared to similar hospitals in Singapore and is therefore likely to continue on its growth trajectory in the near future.

**SWOT analysis**

<p><b><u>Strengths</u></b></p> <ul style="list-style-type: none"> <li>▪ Brand Name: As Siloam's flagship hospital, MRCCC has a strong network and reputation.</li> <li>▪ Advanced technologies: First hospital in Indonesia to provide integrated nuclear medicine facilities for cancer treatment.</li> <li>▪ It is the most advance MRI and oncology private hospital in Indonesia.</li> <li>▪ As a cancer Centre of Excellence, MRCCC has high complexity cases.</li> </ul>	<p><b><u>Weakness</u></b></p> <ul style="list-style-type: none"> <li>▪ Building Capacity: MRCCC is a large building and has some under-utilised floors where if leased out, could potentially generate more rental income.</li> <li>▪ Location: Access to MRCCC during peak hours may be hampered due to traffic congestion in Jakarta</li> </ul>
<p><b><u>Opportunity</u></b></p> <ul style="list-style-type: none"> <li>▪ Key Incidence of Disease: There is a high cancer incidence and mortality in Indonesia<sup>68</sup>, which emphasizes the need for a specialist cancer centre like MRCCC.</li> <li>▪ Pandemic Measures: Reduction in travel overseas means that a portion of patients who used to receive specialist treatment</li> </ul>	<p><b><u>Threat</u></b></p> <ul style="list-style-type: none"> <li>▪ Pandemic measures: COVID cases in South Jakarta are still high, there is uncertainty as to when social restrictions will be lifted. Higher margin procedures such as medical check-ups and surgeries may not happen during this period</li> </ul>

<sup>68</sup> Cancer index Indonesia, 2018



<p>overseas are now receiving treatment in the country which translate to an increase in patients for chemotherapy or other specialist treatments like pulmonology at MRCCC.</p> <ul style="list-style-type: none"> <li>▪ Referrals: Possibility of receiving cancer patients from countries around the region through cancer centre collaborations, self-referral or from medical concierge recommendations.</li> <li>▪ Location: MRCCC is located in a prime location and a large captive demographic.</li> </ul>	<ul style="list-style-type: none"> <li>▪ In the future when travel restrictions are lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at MRCCC.</li> </ul>
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Source: Secondary research and primary interview with Management Representative of Siloam

## Outlook

MRCCC is part of the 'flagship' segment for Siloam Hospitals. It is located in an opportunistic location, a high density area of South Jakarta with the surrounding regency encompassing largely an affluent population.

Due to the pandemic and travel restrictions, MRCCC may have an increase in the number of complex cancer related cases and chemotherapy treatments. This is because patients are unable to travel overseas to receive treatment.

### 4.1.5 Siloam Hospitals Yogyakarta

#### Location trends

Siloam Hospitals Yogyakarta ("**SHYG**") is located in Jalan Laksda Adisucipto and connected to the adjacent Lippo Plaza Jogja. SHYG is situated between Kota Yogyakarta and Sleman Regency, this area according to the Human Development report <sup>69</sup> has a high Human Development Index which points to a higher education and income catchment area.

The economic growth of Yogyakarta City for 2020 was previously estimated at 5.2%, however due to the pandemic this has been reduced to 3.55%<sup>70</sup>. Due to this contraction, the number of people with an average monthly expenditure who fall below the poverty line is predicted to increase to 9.99% in 2020, this will improve to 8.22 % in 2021<sup>71</sup>.

Yogyakarta is a domestic and international tourism destination, with both cultural, religious and nature attractions. Tourism revenue from the city of Yogyakarta accounts for 12% of its economy. Due to the pandemic and travel restrictions, there has been a drop in the number of tourists to the city. The transportation, communications and information sector, with a total economic contribution of around 27.5%, has also been affected by the decrease in tourism. As of April 2020, 35,252<sup>71</sup> workers were given a compulsory leave of absence and 1,710 workers were terminated.

As of October 2020, the number of suspected COVID patients in Yogyakarta was to the tune of 13,841 people. Of the 13,841 people, 3,744<sup>72</sup> tested positive for COVID and there have been 91 deaths. Current active cases has reached 589, with a case recovery rate of 81.84% and a case fatality rate of 2.43%.

Social movements to boost morale and togetherness in helping one another have appeared during the pandemic. The 'Canthelan' is a social movement within the community that started in

<sup>69</sup> Human Development Index in Yogyakarta, Bureau of Statistics Special Region Yogyakarta, March 2020

<sup>70</sup> Strategy of Yogyakarta City government in Handling Covid-19, Tribune News, June 2020

<sup>71</sup> 35000 Workers in DIY Were Given a Compulsory Leave of Absence and 1,710 Workers Were Terminated, Detik Finance, May 2020

<sup>72</sup> Breaking Records, Number of New Positive Corona Cases in DIY Today, Detik News, October 2020



Yogya due to the effects of the pandemic, where locals help each other by sharing essentials with those in need. Items are hung in public places for those affected to “pick up”, just like its name which means ‘hook’ in Javanese. This is an initiative solely led by volunteers. Another initiative, the “relawan mengajar”, provides assistance to learn content via the internet to aid students with poor connectivity. There is also a food distribution initiative, “Dapur Balita” and “Dapur Lansia”, which provide community aid for meals for those who are affected by income loss. Lastly there is a community called Sonjo, where parties communicate via a large Whatsapp group to connect those who need assistance and those who are able to distribute supplies.

### Government Support

The Government of the Special Region of Yogyakarta (DIY Regional Government), focuses on COVID testing for tourists and communities around tourist destinations, as well as for families that are visited by relatives from outside the region. Currently tests are being conducted for about 557<sup>73</sup> people per day which is higher than the target set by the WHO. The government has extended the emergency response status for the pandemic till November 30, 2020, it was previously set to end in June 2020. The DIY Regional Government follows a national central government policy, which has not revoked the status of COVID as a national emergency.

The Government of Indonesia (GOI) is constructing a 97km toll road that connects Solo to Yogyakarta as part of an economic recovery program. This is expected to generate economic activities along the two cities as well as aid in employment generation. This toll road is planned with strategically placed exits aimed at increasing economic activity and human traffic along 10 areas, namely at Kartosuro, Karanganom, Klaten, Prambanan, Purwomartani, Gamping, Sentolo, Wates, NYIA Kulonprogro, and Purworejo.

The regional government in Yogyakarta has revised the regional revenue and expenditure budget (“APBD”) in accordance with government announcements (Inpres and Keppres). This presidential announcement states that regional governments must repurpose their APBD so that projects focus is on generating economic growth in the short to mid-term. For Yogyakarta, an economic growth of 4% in 2021 is targeted with the APBD budget reallocation. An estimated IDR 600 billion<sup>74</sup> has been repurposed, where IDR 360 billion has been allocated solely to handle the community and healthcare needs due to COVID.

The Yogyakarta city government is focusing on initiatives in the healthcare sector as well as providing social and economic support. Support for the healthcare sector is carried out by meeting operational needs in handling affected patients. Items such as medicines, isolation rooms, PPE, vitamins, as well as laboratory examinations (PCR/swab) and rapid tests are being supplied. Furthermore, social support is being carried out by providing assistance to residents of Yogyakarta City with positive or positive-and-recovering status, as well as food assistance to residents of Yogyakarta City.

Several innovative initiatives have emerged during the pandemic, both from society as well as from the government. In their post-emergency response period, the Yogyakarta city government has prepared a 3-pillar strategy: Strengthening health protocols, Strengthening the economy, and Strengthening the new normal. “Jogja for Jogja” is an implementation of this cooperation between agencies, the public and the government so that the city works together to face the crisis hand in hand. Another “Jogja for All” initiative is one where the government has collaborated with online transport providers to bring traffic and sales to traditional markets and Micro, Small and Medium Enterprises (MSMEs) in Yogyakarta City.

<sup>73</sup> DIY Test Data of 500 People Per Day, Local Government Claims 700-1000 People, Gatra News, November 2020

<sup>74</sup> The Synergy of the Regional Government of DI Yogyakarta and the Center in Handling Covid-19 Must Continue, Tribune News, October 2020

### Future trends

As mentioned, a 96km toll road is in planning stages<sup>75</sup>. This road will also connect all 3 airports across Central Java. Its purpose is to boost employment, tourism and trade along strategic areas of Borobudur, Jogja, Prambanan and Solo, together with a number of tourist sites on the south side of Central Java.

An application development company in Yogyakarta's local transportation and tourism sector, PT Putra Nusantara Lestari, has introduced an app called AeroConnect for vehicle reservations and integrated tourism services in collaboration with the DOK Online payment system. The objective is to encourage travel and tourism whilst being safe.

### Siloam Group recent news and activity

Siloam Hospital Yogyakarta is one of the 25 referral hospitals<sup>76</sup> for COVID patients in Yogyakarta. Sultan Hamengko Buwono inaugurated the hospital where he emphasized that all patients will get "excellent, friendly, smart, safe and a higher quality of service". He also encouraged residents to not travel overseas to Malaysia or Singapore to seek treatment but could do so at Siloam. Any patient who has COVID, has been assured that they are covered by the government, since select private insurance providers do not cover expenses due to the pandemic.

Siloam Hospital Yogyakarta has received donations from Prima Protect+, lending credibility of safety since it is a leading manufacturer who is approved by the World Health Organization. The hospital has organized several health talks in the midst of the pandemic. For instance, Siloam Hospital in Yogyakarta and Semarang organized an orthopaedic related talk for the young and elderly via Instagram Live. A private insurance player, CAR Life, partnered with the hospital as well to conduct health talks for its clients on COVID safety and care.

### Asset Performance

SHYG falls under the Region 2 cluster as per Siloam Hospital reporting terms, together with other hospitals in the West to Central Java Area. It is part of the ramping up segment of hospitals that have only opened recently.

### Key Indicators

SHYG is classified as a 'ramping up' hospital. Within this hospital segment, we are given to understand based on 3Q 2020 data, the 'ramping up' segment's net Gross Operating Revenue (NGOR) increased by 145% y-o-y.

#### Beds

The maximum bed capacity of SHYG is 249 beds while operational beds grew from 30 in December 2019 to 40 as of Q3 2020.

#### Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHYG is classified within Region 2 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 25% whereas the outpatient volumes declined by 24% y-o-y.

### Financial Performance

SHYG is one of the ramping-up Siloam hospitals that has been on a growth trajectory and is on track to be EBITDA positive by 2021-2022.. As per 3Q2020 report, hospitals in this segment were recording an average annual growth of approximately 36% in Net GOR (3-years CAGR). As a new hospital, it expanded its capacity from 60 beds in 2017 to 249 beds in 2020. However, lower number of operational beds as outlined above is indicative of a lacklustre demand for IPD beds. It faces fierce competition from other established players such as RS Bethesda, RS Panti Rapih and JIH, all of which have a long standing presence in Yogyakarta. Both RS Panti Rapih

<sup>75</sup> Planned toll road for operation by 2023, Jateng Suara, October 2020

<sup>76</sup> 25 referral hospitals in DIY, Jogja Tribune, March 2020

and RS Bethesda in particular, have been around for nearly a century with the latter being established in the 19<sup>th</sup> century. Intense competition coupled with the prevailing COVID pandemic have resulted in challenging times across the country and Yogyakarta is no exception. However, with increasing demand for quality healthcare services, private hospital players such as Siloam are likely to eventually gain a stronger foothold in the market once the COVID pandemic eases.

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Brand Name: The brand is known for providing high quality healthcare services which is steadily improving patient demand</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Building capacity: There is a large difference between the total number of beds and operational beds.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Geographical Presence: Many small peripheral cities with industrial areas are in proximity to Yogyakarta, in industrial areas the hospitals may only have basic facilities, and there may not be specialists there. These patients can easily come to SHYG for complex treatments.</li> <li>▪ Government Support: SHYG has received inauguration from the Sultan, which can be a significant positioning statement and increased credibility for the hospital.</li> <li>▪ With the planned toll road project, this is likely to heighten the economic activity and human traffic to the area, thus bringing a new pool of potential patients to SHYG.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Consumer sentiment: There may be a sentiment of preferring to visit doctors overseas resulting in an outflow of medical tourism, which may cause patient volumes to drop post pandemic when travel restrictions have been lifted.</li> </ul>

*Source: Secondary research and primary interview with Management Representative of Siloam*

**Outlook**

SHYG falls within the ‘ramping up’ segment, its performance is doing better than was forecasted in 2019.

Since the city has a portion of its revenue generated from tourism and peripheral industries, there is a contraction to the economic forecasts from 2019. With the planned toll road project, this is likely to heighten the economic activity and human traffic to the area.

A unique aspect to the city is that Yogyakarta is receiving support both from the government and from several social initiatives in its aim to boost economic activity.

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#### 4.1.6 Siloam Hospitals Makassar

##### Location trends

Siloam Hospitals Makassar (“SHMK”) is located in the Tanjung Bunga district, which is approximately 7 km away from the city centre of Makassar. This asset lies on a reclaimed settlement stretching over approximately 1,000 hectares, it is a key private regional hospital in the South Sulawesi covering all income groups of patients.

Makassar has a total of 9,453 positive COVID cases as at the end of October 2020<sup>77</sup>. The economy had grown at 6.2% at the beginning of the year, which was initially projected at 8.8%. This fell to 2.8% in the second quarter of 2020 and 3% in the third quarter of 2020. As of April 2020, the total number of workers who were given a forced leave of absence was at 7,893 employees from 247 companies. A total of 224 workers were laid off<sup>78</sup>.

There are initiatives from both public and private players to help in economic recovery during the pandemic.

A private transportation player, Gojek, has accelerated the digitization and financial inclusion of MSMEs, where 87% of MSMEs<sup>79</sup> now have digital businesses, and 51% now have cashless payment facilities. Uniqlo Indonesia supported the healthcare ministry by donating medical supplies, 293,000<sup>80</sup> health related personal protective equipment, which included hazmat suits and masks.

To increase exports revenue for the region, Garuda Indonesia has provided cargo shipment support by creating a special route from Singapore to Makassar. These once a week flights transporting almost 40 tonnes of cargo started in October, since Singapore is one of the largest import countries for commodities in Southeast Asia<sup>81</sup>.

A movement called “Bangkit Bangsaku”, translated to “Rise my Nation” was created to support the community in their health, economy and social needs. This initiative donates food, provides living expenses for teachers, provides business capital assistance and PPE and disinfection services to 24 districts in South Sulawesi<sup>82</sup>.

##### Government Support

The Makassar City Government is focusing on growth in five strategic sectors such as fisheries, tourism, transportation, warehousing and the food sector<sup>44</sup>, with an objective of having diversified industry growth to boost the economy in Makassar. To improve local businesses, the Mayor Rudy Djamaluddin, has created an expert team of individuals<sup>83</sup> to advise MSMEs on how to improve their products, so that it can generate additional export revenue for the businesses. The government has also distributed care packages to 60,000 residents, each package is worth IDR 500,000<sup>84</sup>.

A new task force, Satgas, has been formed to handle the needs around the pandemic. This is due to the alert level in Makassar reducing from red to orange<sup>85</sup>. This task force will be directly led by the Mayor of Makassar and will largely focus on the implementation of safe distancing protocols and PSBB.

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<sup>77</sup> Corona Information Makassar, Info Corona Makassar, November 2020

<sup>78</sup> Economic Recovery, Makassar Focuses on Improving Five Sectors, Sulawesi Bisnis, September 2020

<sup>79</sup> Gojek Accelerates the Digitalization of Makassar City MSMEs During the Pandemic, Upeks, October 2020

<sup>80</sup> Handling Covid-19: Uniqlo Indonesia Handed Over 293,000 PPE to the Makassar City Government, Tribune News, November 2020

<sup>81</sup> Garuda Serves Makassar-Singapore Cargo Routes Berita Satu, October 2020

<sup>82</sup> Officially Launched in Makassar, the Bangkit Bangsaku Movement Presents Optimism in the Middle of the Pandemic, Tribune News, October 2020

<sup>83</sup> Makassar City Government Forms Expert Team Focusing on Economic Recovery, Sulawesi Bisnis, October 2020

<sup>84</sup> During Makassar PSBB, 60,000 Basic Food Packages Were Distributed To Residents, Kompas Indonesia, April 2020

<sup>85</sup> Out of the Red Zone, Makassar City Covid-19 Task Force Disbanded, Makassar Today, October 2020

## Future trends

There are sea, air and rail projects that are planned for the future under public private projects. The target is to bring additional revenue to the region by making it more accessible via several modes of transport and routes. These large infrastructure projects are expected to generate employment and economic activity in the future.

Currently the Makassar airport has a capacity of 7 million passengers a year. The planned expansion for this, under the 'Sultan Hasanuddin Airport Makassar Development Project', is expected to take the capacity to 15 million<sup>86</sup> passengers a year. This project is targeted for completion in May 2021.

An improvement to the sea port infrastructure is being planned by PT Pelabuhan Indonesia IV Persoro, where a green ecosystem concept is planned for the port to enhance the productivity through automation and to reduce time at the port for cargo ships to 2 days<sup>87</sup>. This integrated development is targeted for completion in 2022.

The government is planning for a 2,000 km Trans-Sulawesi railway line to connect important areas in Sulawesi between Makassar and Manado. The Trans Makassar-Parepare Railway, crosses Pangkep and Maros Regencies, is targeted for completion in 2021.<sup>88</sup> The strategic aim of the Trans Sulawesi railroad is to connect cities that have the potential for passenger, freight and commodity transportation. This will facilitate the movement of goods and services, and for residents to travel with greater accessibility for employment or tourism.

## Siloam Group recent news and activity

The governor of South Sulawesi, Nurdin Abdullah, announced his appreciation for SHMK in their efficiency and support for public health when they created Siloam Tanjung Bunga as a COVID appointed hospital<sup>89</sup> for the region.

SHMK together with PT Goa Makassar Tourism Development Corp Tbk, conducted mass rapid tests of 250<sup>90</sup> air crew personnel on duty at the Air Force base. The hospital has a capacity of up to 576 tests a day, reported Dr Herry Bertus the director at SHMK. As of September 2020, with the new technology being made available at SHMK, PCR tests results can be obtained within 4 hours<sup>91</sup>, instead of the usual 2-3 days at other hospitals.

## Asset Performance

Siloam Hospital Makassar falls under Region 4 as per the Siloam Hospital reporting terms, together with 5 other hospitals in the Sulawesi and Kalimantan Area. It is part of the 'mature' segment of hospitals, which means that the hospital is profitable with a high potential for further capacity growth.

## Key Indicators

SHMK is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

## Beds

The maximum bed capacity of SHMK is at 362 beds while operational beds reduced from 215 in December 2019 to 150 as of Q3 2020.

<sup>86</sup>The Capacity of Two Airports Will Increase Later This Year, Ekonomi Bisnis, November 2020

<sup>87</sup> Makassar New Port is Ready For Integration in 2022, Swarna News, January 2020

<sup>88</sup> Trans Sulawesi Railway Signal System Using New Generation Technology, CNN Indonesia, October 2020

<sup>89</sup> Siloam Tanjung Bunga Makassar Hospital Becomes A Referral Hospital for Handling COVID19, Liputan6, May 2020

<sup>90</sup> Siloam Makassar Hospital and Developer Tanjung Bunga Hold a Mass Rapid Test, Berita Satu, June 2020

<sup>91</sup> The Results Of The Swab Test at Siloam Can Come Out in 4 Hours, Makassar Sindo News, September 2020

## Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SHMK is classified within Region 4 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

## Financial Performance

Started operating in 2012, SHMK was established to cater to the local population across all socio-economic classes. Over the years, the strategy has worked well financially. Revenue has been growing from approximately IDR 156 billion in 2014 to approximately IDR 398 billion in 2019 (+20.6% CAGR) whilst gross margin and net income margin were parallel with the group's flagship hospital at around approximately 38% and approximately 24% margin respectively.<sup>92</sup> Notably, SHMK had only one year of negative net income at inception after which it has always been having a positive net income<sup>93</sup>. The bottom-line has been on a growth trajectory indicative of a strong demand for good quality healthcare in Makassar.

The increasing affluence and urbanisation in Makassar and the surrounding municipalities are significant growth drivers of SHMK. It created an expanded group of middle to upper income healthcare customers who expect quality private healthcare services. Additionally, the affordable pricing model of SHMK also allows the hospital to put emphasis on serving lower income and poor population within the region and this was boding well for the hospital in terms of its financials.

However, the COVID pandemic is threatening to derail the SHMK growth trajectory. During the height of the pandemic at 2Q20, EBITDA and NI margins of the mature hospital segment dropped to unprecedented levels to approximately 15% and approximately -1% respectively. However, demand proved to be resilient as it registered a rebound to its historical levels of around approximately 30% to approximately 16% margin by 3Q20.

## SWOT analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Leverage on Group infrastructure: Telemedicine and Helicopter ambulatory service synergizes clinical operation between Siloam Lippo Village and SHMK</li> <li>▪ Building Capacity: Management plans to build an extra wing to create larger capacity</li> <li>▪ Captive Demographic: SHMK has been experiencing a high occupancy rate since end 2019</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Pandemic Effect: Currently an increase in patient flow has been noticed due to the effect of the pandemic and a resultant increase in testing. However, this growth and increase may not be a long term trend</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>▪ Government support: There are multiple projects that may take place in the future around South Sulawesi such as infrastructure and industry growth projects. This could mean a greater number of human traffic to the area, potential patients for SHMK.</li> <li>▪ With higher purchasing power generated by the increased economic</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>▪ COVID effects: There is a low level of certainty around when planned initiatives will increase economic growth and activity back to normal in Makassar.</li> </ul>

<sup>92</sup> Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment

<sup>93</sup> Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment



<p>activity, non-emergency services such as medical check-ups could be in greater demand.</p> <ul style="list-style-type: none"> <li>▪ The Mayor of Manado publicly praised SHMK - the public may have a greater confidence and respect for the brand</li> <li>▪ Industry dependencies: With a strong diversification strategy from the government, there is no reliance on one industry for economic growth such as the case with the Labuan Bajo asset.</li> </ul>	
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Source: Secondary research and primary interview with Management Representative of Siloam

### Outlook

SHMK is part of the 'mature' segment for Siloam Hospitals. Its management has plans to expand this asset further to accommodate larger capacity of beds and services through a new wing project at the hospital.

With a strong growth diversification strategy, businesses in the city of Makassar may create economic activity and operate in a more competitive manner regionally as well as overseas. This is backed by initiatives at a central, provincial and municipal government level. As commented<sup>44</sup> by Prof. Marsuki DEA of the Hasanuddin University Makassar, the economy has entered into a recovery phase already.

With multiple infrastructure projects planned for air, sea and rail transport, this is expected to create greater employment opportunities and growth in economic activity. This may create a faster return to projected growth levels for the city in 2021.

#### 4.1.7 Siloam Hospital Manado

##### Location trends

Siloam Hospital Manado (“SHMD”) is located in the prime commercial district of the city in Manado, the heart of the North Sulawesi province. Manado contributes 16%<sup>94</sup> to the total economy in North Sulawesi just in tourism, as it is the “gateway” to the Bunaken National Marine Park.

Surrounded by two of the busiest central business district streets in Manado, and within walking distance to the major shopping complex and Manado Beach; SHMD adopts a unique hybrid concept of a joint facility with Hotel Aryaduta Manado. The operational model of hotel-hospital concept was the first of its kind in Indonesia.

As of end October 2020, Manado had a total of 2,232 positive COVID cases<sup>95</sup>. Similar to other cities there is a contraction of the economy, rising unemployment and businesses shutting down. The North Sulawesi Governor, Olly Dondokambey, initially targeted an economic growth of 6.3 % in 2020<sup>96</sup>. North Sulawesi's economy contracted by 3.89% y-o-y in the second quarter of 2020, slowing down compared to the previous quarter which had recorded a growth of 4.27% y-o-y<sup>97</sup>. Manado may have been slower to feel the economic impact as its industries are more diversified as compared to tourism heavy cities such as Labuan Bajo and Bali.

The two industries most heavily impacted in Manado are the accommodation industry which contracted 50.3%, and the transportation industry which contracted 31.4%<sup>58</sup>. As of June 2020,

<sup>94</sup> Economic report for North Sulawesi, August 2020

<sup>95</sup> Covid information on Manado, 2020

<sup>96</sup> Economic growth prediction for North Sulawesi, Bisnis Sulawesi, September 2019

<sup>97</sup> Economic growth reduces by 3.89%, Tribune News, August 2020



8,090 workers in the private industry have been laid off. Out of this number 6,222 are non-tourism and creative economy workers, and the remaining 1,868 are in the tourism sector<sup>98</sup>.

Currently a private transportation player, Grab, is implementing the #TerusUsaha initiative, loosely translated to 'keep trying', to assist the digital transformation of MSMEs in Manado. This initiative is likely to up-skill MSMEs with training to improve their business. It previously was implemented in Balikpapan and East Kalimantan<sup>99</sup>.

### Government Support

In July 2020, the Manado City Government (Pemda), through the Manpower Office, has distributed basic necessities to thousands of workers affected by COVID. This assistance aimed to extend aid to employees affected by business decline due to the pandemic.

Pemda has conducted two rounds of social assistance for affected residents. During the second phase of the Social Assistance Package, a package of 10kg of rice, 15 canned fish products and 4 cloth masks were distributed to each of the 2,583 families<sup>100</sup>.

In September 2020, an infrastructure project called the Manado-Bitung toll road, a section of the larger Manado-Danowudu road, has been inaugurated by President Joko Widodo via a video conference at the Bogor Presidential Palace. The Manado-Bitung toll road is designed to be integrated with industrial areas and tourism areas in North Sulawesi so that it will improve accessibility, time efficiencies, and motivation to travel. In addition to these benefits, the costs at the International Port of Bitung can also be reduced so as to encourage regional competitiveness.

Grab also collaborates with the Manado City Industry and Trade Agency to bring hundreds of Small and Medium Industry (IKM) partners onto a digital platform, as part of their #TerusUsaha initiative. Statistics from BPS for 2018 shows that there are more than 60,000 MSMEs in Manado City, 20.87% of MSMEs in North Sulawesi province are situated in Manado<sup>63</sup>. The government in their part has encouraged the public to shop for necessities from the digital platform around their place of residence. Grab has helped increase convenience for people to shop using technology. This in part helps to create economic sustainability for MSMEs in the midst of the pandemic.

A cross border Public Private Partnership (PPP) agreement was signed between several parties in Japan and Indonesia, for the direct export of yellowfin tuna from Manado to Japan. A total of 10.39 tonnes, valued at USD 66,424<sup>101</sup>, was exported to Japan earlier this year in their first shipment of direct export services. This agreement directly improves economic activity across the fishery value chain and creates employment opportunities for residents in North Sulawesi. This partnership was the result of coordination between parties from Japan and BKIPM (Fishing quality certification in Indonesia), Indonesia Customs, North Sulawesi Provincial Government, PT. Angkasa Pura, Ministry of Transportation Indonesia and Garuda Indonesia Airlines.

### Future trends

Likupang, an area in North Sulawesi, is a high priority tourism destination by the Government of Indonesia and referred to as the Likupang Tourism Special Economic Zone development program<sup>102</sup>. This programme will directly bring in more traffic to North Sulawesi and will directly flow into Manado as well.

In December 2020, PT Angkasa Pura I will complete the capacity and facility development for Sam Ratulangi Airport, to support the Likupang development programme. This will increase the passenger terminal from 26,481 sqm to 57,296 sqm, increasing the airports' capacity from 2.6

<sup>98</sup> More than 8000 workers in Manado lose their jobs, Tribune News, August 2020

<sup>99</sup> Grab teaches smart IKM to boost the economy, CNN Indonesia, July 2020

<sup>100</sup> Social aid in Manado, Kompas TV, July 2020

<sup>101</sup> Fish exports to Japan, RRI Indonesia, September 2020

<sup>102</sup> Likupang awaits its time for tourism, The Jakarta Post, December 2019

million passengers per year to 5.7 million passengers per year<sup>103</sup>. It is uncertain when global travel bans will be lifted for Indonesia, however once it does this region will receive attention to boost tourism here.

#### **Siloam Group recent news and activity**

SHMD has been appointed as a COVID referral hospital by the government, it has very strict health protocols to protect patients under their “Clean and Clear” hospital mantra. It has also received the Paripurna Snars Edition 1.1 in 2020<sup>104</sup>, which is the highest recognition in service quality and patient safety.

SHMD has donated medical devices to the Provincial Government of North Sulawesi (Sulut), to assist with the handling of COVID pandemic. Assistance given was in the form of 300 nasal swab test kits and 100 viral transport mediums (VTM)<sup>105</sup> were provided to the head of North Sulawesi Health office. SHMD is also handling hundreds of PCR sample lab tests and is prepared to assist to North Sulawesi Provincial Government in managing the pandemic.

The hospital also conducts webinars to educate residents during this period. Based on the National Healthcare Research report published in 2018, stroke is the chief cause of death in Indonesia. North Sulawesi ranks third in the country in terms of prevalence of stroke, as such the hospital recently conducted a webinar to educate residents on the ‘Prevention of stroke’<sup>106</sup>. SHMD is equipped with advance technologies and various neurology specialists who can help mitigate this prevalence.

#### **Asset Performance**

SHMD falls under the Region 4 cluster as per Siloam Hospital reporting terms, together with other hospitals in the Sulawesi and Kalimantan regions. It is part of the ‘mature’ segment of hospitals, which means that it is profitable with high potential for further capacity growth.

#### **Key Indicators**

SHMD is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment’s net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

##### **Beds**

The maximum bed capacity of SHMD was at 238 beds as of December 2019 with 177 operational beds during the same period. As of 3Q 2020, the maximum bed capacity has decreased to 224 as of 3Q 2020 while operational beds dipped to 78 during the same period.

##### **Admissions**

With reference to Siloam’s 3Q 2020 presentation, we understand that SHMD is classified within Region 4 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 38% y-o-y.

#### **Financial Performance**

Established in 2012, SHMD is the first hospital in the group portfolio that adopted the hotel-hospital concept. It was intended to capitalize on the growing popularity of Manado as a popular tourist destination and follows the same strategy as SHMK targeting clientele from all socio-economic classes. It pioneered JCI accreditation by offering state-of-the-art modalities lacking among a majority of the hospitals in Manado. FY 2019 revenues of this asset was approximately IDR 235 billion with gross and net income margins of approximately 27% and 7% respectively. Notably, competition seems to also impact its IPD admissions. Number of

<sup>103</sup> Capacity for airport increases by end of year, Ekonomi, November 2020

<sup>104</sup> Accreditation for Siloam Hospital Manado, Tribune News, March 2020

<sup>105</sup> Siloam Manado donates hundreds of test kits to the provincial government, Investor Daily, April 2020

<sup>106</sup> Tips from Manado to Beat Stroke, Liputan6, October 2020

beds operational which were 100 in 2012 declined to 78 as of 3Q2020 underlining less than robust demand for its IPD segment.

Manado as a growing tourism destination is not impervious to the impact of COVID pandemic. As of 9M2020, pursuant to company presentation report, IPD and OPD traffic from region 4 (Sulawesi and Kalimantan), declined by approximately 29% and 27% respectively year-on-year. The decline is less pronounced than the group's overall mature hospitals segment which in aggregate registered a decline of approximately 35% and 47% respectively. This indicates better positioning of SHMD in North Sulawesi and the increased attractiveness of Manado as a key commercial and tourism destination.

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Leverage on group infrastructure – Telemedicine and Helicopter ambulatory service synergizes clinical operation between Siloam Hospitals Lippo Village and SHMD</li> <li>▪ Advanced Technologies: SHMD is the only private hospital in Manado with MRI facility</li> <li>▪ It is the only hospital in the region with a hyperbaric oxygen chamber, which is crucial in treating decompression which is especially prevalent in diving, for which the area is known for.</li> <li>▪ Human Resource Strength: SHMD has the ability to attract doctors and nurses without difficulty in this location since Manado is a major city.</li> <li>▪ Location: The hospital is located in the middle of a business district and is adjacent to a hotel, increasing convenience to patients.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Location: There is traffic congestion for the connecting roads to SHMD during both regular and peak hours</li> <li>▪ Human Resource Challenges: The retention of staff is difficult in remote areas</li> <li>▪ Currently experiencing slight management issues</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>▪ Growing tourism market: Manado's increasing popularity as a leisure diving destination may create medical tourism opportunities</li> <li>▪ The future Likupang development programme will bring in future tourists to North Sulawesi and Manado.</li> <li>▪ Adjacent provinces e.g. Maluku Province is gaining prominence, since diving will be the main attraction, SHMD can be a referral hospital for the province for complex cases</li> <li>▪ Advanced technologies: SHMD is able to offer more advanced modalities than the other private hospitals in the area.</li> <li>▪ Availability of hyperbaric oxygen chamber means that credibility and need from the diving tourism population will be attracted to this hospital, only one other public hospital is able to offer related therapies.</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>▪ Industry dependencies: Future opportunities are largely dependent on the growth of tourism and it is uncertain when global travel restrictions will ease</li> <li>▪ Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SHMD.</li> </ul>

<ul style="list-style-type: none"> <li>▪ Accessibility: The capacity of airport will more than double in the future, bringing potential medical tourism to Manado</li> <li>▪ The Manado-Bitung Toll road boosts competitiveness of industries and may attract businesses and trade into Manado, creating economic activity and employment for the region.</li> <li>▪ Government Support: The fishery and marine segment also is poised for rapid growth with the Japan- Indonesia agreement in place</li> </ul>	
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Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

### Outlook

SHMD is classified as part of the Mature segment as defined by Siloam Hospitals' reporting terms, as such this hospital does have the potential for further growth once economic activity stabilizes in 2021.

Manado as a city has multiple future opportunities, of which only one is dependent on tourism. Initiatives by private players as well as upcoming infrastructure projects for road and airports, and cross border agreements are likely to accelerate economic activity, tourism and employment to the city in the future.

#### 4.1.8 Siloam Hospitals TB Simatupang

##### Location trends

Siloam Hospitals TB Simatupang (“SHTS”), located in the city of South Jakarta in DKI Jakarta, in the Cilandak district. The hospital is well-connected by roads to the middle upper class residential areas of Pondok Indah and Cinere.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%<sup>107</sup>. This downward trend is further impacted by the decline in domestic economic activity as a result of the PSBB policy, to prevent the spread of COVID.

Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion<sup>108</sup>. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

The total positive COVID cases in South Jakarta, as of mid-October, has reached 2,285 cases. Cilandak, where SHTS is situated, has a total of 387 positive COVID cases. The regional government, Pemprov DKI, has appointed 14 referral hospitals<sup>109</sup> in South Jakarta for affected COVID patients, so that hospitals are not overtaxed with a high number of patients.

The largest industry contraction in Jakarta has been in the hotel accommodation industry at 34.8%, F&B industry at 23.4%, transportation industry at 20.5%, and the processing and trade industry at 13.6%<sup>73</sup>. The contraction in various sectors is consistent with the contraction in domestic demand and total exports in the second quarter of 2020. Aligned with this contraction, the head of South Jakarta city Manpower and Transmigration sub-department, Sudrajat, has

<sup>107</sup> Bank Indonesia Regional Performance Report DKI Jakarta August 2020, Bank Indonesia, September 2020

<sup>108</sup> DKI Jakarta's Revenue Target Misses By 40.7 T due to Corona, CNN Indonesia, May 2020

<sup>109</sup> These Are 14 COVID-19 Referral Hospitals in South Jakarta, Antara News, September 2020

reported that there have been 5,410 workers terminated and 25,112<sup>110</sup> workers forced to take a leave of absence.

In October 2020 an event was held by a government agency, the Jakarta Cilandak Branch of the Social Security Administration for Employment (“**BPJAMSOSTEK**”), an employee volunteering activity. This social responsibility initiative highlighted a “We Care, We Love, We Share”<sup>111</sup> theme. The activity took place at the BPJAMSOSTEK Jakarta Cilandak business district. They distributed ‘The new normal’ care packs which included masks, hand sanitizers, and eucalyptus oil to the public, to show cohesiveness during the pandemic.

Despite the economic contraction, vOffice<sup>112</sup> who is a private virtual office player, opened new branches in TB Simatupang and four other locations to support individuals who are working remotely during the pandemic.

A financial services player, Bank Mandiri, has digitized their account opening process for both consumers and micro businesses, to assure clients of a contact-free service. They have received an average of 2,000<sup>113</sup> accounts per day.

### Government Support

The DKI Jakarta Provincial Government provided social assistance under Phase 7 of the social assistance plan post-COVID<sup>114</sup>. Social assistance was provided to the homes of 2.4 million vulnerable families affected by COVID, supplies in the form of basic necessities like rice and packaged food were provided. South Jakarta districts that received this aid include Kecamatan Cilandak, Jagakarsa, Kebayoran Baru, Mampang Prapatan, Kebayoran Lama, Pancoran, Setiabudi, Pasar Minggu, Pesanggrahan and Tebet.

The City Government (Pemkot) of South Jakarta received two tons of rice supplies as aid during the pandemic from the South Cilandak Branch of BPJS Ketenagakerjaa<sup>115</sup>. This assistance was later distributed to residents affected by the COVID pandemic.

A retail bazaar was conducted for 1 week in October 2020 for 100 MSMEs, as part of an economic recovery plan by the South Jakarta Administration for Industry, Trade, Cooperatives, and SMEs (PPKUM)<sup>116</sup>. This concept by the government was to highlight the support given to businesses under an integrated entrepreneurship development, JakPreneur, during the pandemic.

The Fire and Rescue service (Disgulkarmat)<sup>117</sup> supported three districts in South Jakarta (Jaksel) in a bid to curb the spread of the virus, by disinfecting the area in hopes of reducing the number of cases. The three districts included Cilandak, Setiabudi and Kebayoran Baru.

### Future trends

There are six projects that are being planned in the infrastructure sector for DKI Jakarta. The National Economic Recovery Fund from PT SMF will be used to finance these projects which include Taman Ismail Marzuki (TIM), Jakarta International Stadium (JIS) and other projects to improve flood control, waste management, sanitation and the availability of potable water<sup>118</sup>.

There is also a planned initiative by the Ministry of Energy and Mineral Resources to increase the number of battery charging stations in Indonesia, in a bid to go electric and reduce pollution. The public electric vehicle battery exchange stations (SPBKLU) aims to allow motorbikes to

<sup>110</sup>Jakarta Imposes a Transitional PSBB, Following the Covid-19 Update in South Jakarta, Jaksel News, October 2020

<sup>111</sup> BPJAMSOSTEK Jakarta Cilandak Employees Distribute New Normal Kits, Indopos, October 2020

<sup>112</sup> Supporting Entrepreneurs in the Middle of the Covid-19 Pandemic, vOffice Opens Five New Branches, Tribune News, October 2020

<sup>113</sup>Mandiri Digital: Carefulness in “Surfing the Wave”, Native Kontan, August 2020

<sup>114</sup> Distribution of the Jakarta Provincial Government’s COVID-19 Phase 7 Social Assistance Starts to Be Distributed, This is the Schedule, Detik News, September 2020

<sup>115</sup> South Jakarta City Government Receives Two Tons of Rice, Berita Jakarta, May 2020

<sup>116</sup> The Department of Industry, Trade, Cooperatives, Small and Medium Enterprises (PPKUM) Holds Online Bazaar for MSME Economic Recovery, Jaksel News, October 2020

<sup>117</sup> These are the Details of Locations of Spraying Mass Disinfectant in South Jakarta, iNews March 2020

<sup>118</sup> DKI Jakarta Uses PEN Fund to Finance 6 Infrastructure Projects,Republika, November 2020

replace batteries available at these stations. The roadmap for this initiative is to reach 10,000 SPBKLU stations by 2025, and 15,625 SPBKLU stations by 2030<sup>119</sup>.

#### **Siloam Group recent news and activity**

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang<sup>120</sup>. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Dr. Harijanto Solaeman President Director of SHTS mentioned in a press release that during the first few months of COVID the number of inpatients and outpatients had decreased by 50-60%, however since May the admissions have been improving<sup>121</sup>.

Additional facilities were constructed in four Siloam Hospital locations, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients<sup>122</sup>. The four Siloam Hospital locations are at Kebun Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These additional facilities were to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a PCR or swab test in Puri, Kemang and Cikarang<sup>123</sup>. A private player, Bisnis Indonesia, also collaborated with SHTS to conduct rapid test for all of its employees as part of their safety precautions to curb the spread of the virus.

#### **Asset Performance**

SHTS falls under Region 1 as per the Siloam Hospital reporting terms, together with other hospitals in the Greater Jakarta Area. It is part of the 'mature' segment of hospitals, which means that these assets are profitable with a high potential for further capacity and growth.

#### **Key Indicators**

SHTS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

##### **Beds**

As of the end of 2019, SHTS had 269 beds, of which 99 were operational. As of Q3 2020 the hospital had increased to 101 operational beds.

##### **Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHTS is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

#### **Financial Performance**

Located at one of the busiest parts of the capital, SHTS managed to establish a strong foothold in the healthcare market of Jakarta. It started operations in 2012 and has been competing with other established hospitals such as Rumah Sakit Pondok Indah, Fatmawati Hospital and Rumah Sakit Pertamina. Revenues of SHTS grew to approximately IDR 250 billion (FY19) while gross margin and net income margins were at approximately 27% and 5% respectively. These were significantly lower than other hospitals in the group's mature segment as this hospital faced significant competition from other premium hospitals in South Jakarta. At

<sup>119</sup> Encouraging infrastructure to support electric vehicles, ESDM launched SPBKLU, Kontan, November 2020

<sup>120</sup> Siloam Launches Telemedicine, Home Care Services, Jakarta Globe, April 2020

<sup>121</sup> Siloam Simatupang Prepares Online Services to Face New Normal, Republika, May 2020

<sup>122</sup> Meikarta Builds Additional Buildings for Covid-19 Patients in 4 Locations of Siloam Hospital, Kabar Bisnis, April 2020

<sup>123</sup> May Day 2020, the Ministry of Manpower Collaborates with Siloam Corona Rapid Test for 1,000 Workers, Merdeka, 1 May 2020



inception, SHTS charged lower than industry pricing as part of its go-to-market strategy. Over the years, it has revised its pricing strategy and is on par with the peer hospitals which has helped with profitability.

Jakarta is the country’s economic, cultural, and political centre. With a population of more than 10.7 million, it is the most populous city in Indonesia as well as in Southeast Asia. There is approximately 1 bed for every 345 people in Jakarta.<sup>124</sup> Evidently, the healthcare system cannot cope with so large a population, particularly so during the pandemic. The government had to make rooms available at Jakarta’s Wisma Atlet and other three-star hotels because many hospitals in the Indonesian capital have reported full occupancy.<sup>125</sup> This is a clear indication that there is still lack of good quality healthcare service providers in Jakarta.

Utilization of the private healthcare services by the low income earners triggered by BPJS Kesehatan is another driver for the hospital industry. It is likely to enable the low-income citizens to receive free treatment at Jakarta hospitals, which is an untapped area for SHTS.

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Advanced Technologies: SHTS has a telemedicine infrastructure and is also providing home therapy during the pandemic, to reduce travel and contact, this may be a strong differentiator for the group</li> <li>▪ Strategic location: SHTS is located in a prime location, surrounded by affluent residential areas.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Certification: There is currently no BPJS Kesehatan license at SHTS since 2019</li> <li>▪ Building Capacity: The property does not have large parking area that can accommodate a large number of visitors and patients.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Government Support: The hospital may have a larger pool of patients due to the infrastructure projects that are upcoming and industrial area developments, there may be incoming patients through corporate referrals and insurance programs</li> <li>▪ Premium Products: There is the potential for SHTS to focus on the premium segment, to increase private based treatments catering to the affluent residential area</li> <li>▪ In the future the asset may have higher margins, since the BJPS license is no longer in effect, and there is a focus on the premium market</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Pandemic effect: There are still high COVID cases in South Jakarta as compared to other regions, there is a level of uncertainty on when market stabilization will occur</li> <li>▪ Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment.</li> </ul>

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

<sup>124</sup> How Many Hospital Beds Are in DKI Jakarta?, Databooks Katadata, March 2020..

<sup>125</sup> Main-hospitals-in-jakarta-report-full-capacity-amid-covid-19-surge-govt-to-use-3-star-hotels-for-quarantine, theStar.my



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## Outlook

SHTS is located in an opportunistic location, a high density area of South Jakarta with the Cilandak district being an affluent area.

If SHTS were to carry out strategic initiatives to target the premium segment, SHTS may see a positive impact to their business once the economy and social effects post-COVID returns to normal. On top of the premium segment, there is an opportunity for corporate medical check-ups and corporate insurance referrals since there are several planned infrastructure initiatives in the area.

### 4.1.9 Siloam Hospitals Lippo Village

#### Location trends

Siloam Hospital Lippo Village ("SHLV") is located in Tangerang city within the Banten province of Jakarta. It is one of the first townships in Indonesia, which means that it is a self-sustaining integrated development with schools, hospitals and retail spaces. SHLV is one of the first hospitals in Indonesia to obtain JCI accreditation, a hospital accreditation body for quality and service excellence. This hospital is a hub in Neuroscience, Cardiology, Radiology and Trauma for the Siloam network of hospitals, via real-time telemedicine and tele-radiology through which clinical information is transferred to specialists at other Siloam Hospitals.

The total number of positive COVID cases in Tangerang has reached 2,210 cases, of these cases 1,933 have recovered. As of end October 2020, there were still 212 active cases and 65 deaths.

In the first quarter of 2020 Banten's economy grew by 3.09% year on year, higher than the national economic growth of 2.97%. In the third quarter of 2020 Banten experienced a decline in economic activity at 5.77% , which was 5.90% for the same quarter in 2019.

The decline in economic growth in Banten from the demand side is mainly driven by the reduced consumption and net exports due to the pandemic. On the supply side, the decline is due to the contraction of major industries affected by the pandemic, such as manufacturing, construction, trade, transportation, warehousing and real estate. As a result of this contraction in supply and demand, 8,207<sup>126</sup> workers have been laid off in Tangerang city as of October 2020.

#### Government Support

Post COVID, the Tangerang Regency Government, Pemkab, introduced four schemes to help society and businesses handle the economic effects of the pandemic. They are an interest subsidy scheme, an agricultural assistance scheme, a fisheries assistance scheme and Sibamas- a capital assistance scheme for workers and businesses

To prevent further transmission of the virus, the Tangerang City Government has distributed 63,500<sup>127</sup> food packets. In May 2020, the mayor also distributed food packages to affected households amounting to a total of 2,451<sup>128</sup> packages. In an aim for households in the community to be self-sufficient, the Karawaci Taskforce supplied plant seeds to villages, these seeds included tomato, chilli and vegetables, and were taken from local markets. Residents used this supply to meet their food security needs during the pandemic.

All MSMEs and street vendors (PKL) are expected to receive financial assistance from the Tangerang City government amounting to IDR 2.4<sup>129</sup> million to mitigate the effects of a decline in consumption during the pandemic. Another initiative by the city government to aid MSMEs is

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<sup>126</sup> Thousands who have lost their job due to Covid, Liputan6 Indonesia, July 2020

<sup>127</sup> City Government provides masks amidst the pandemic, Warta Banten, October 2020

<sup>128</sup> Tangerang City Government distributes food supplies in Karawaci, Tangerang News, May 2020

<sup>129</sup> MSMEs to receive assistance with certain conditions, Suara Banten, September 2020

to support businesses in their digitization efforts, with a focus on financial transactions between businesses and their customers and suppliers.

The Government of Indonesia (GOI) and non-bank financial institutions have collaborated to create a recovery strategy for tourism and creative economies through the development of a Fintech Business Matchmaking (FinBack 2020) initiative. This initiative aims to increase activity between the industry and potential investors or partners to boost revenue.

#### **Future trends**

The central government is accelerating a project to increase connectivity to the Jakarta area as well as to serve industrial areas in Serang and Cilegon. This toll road project is called the Serpong-Balaraja Toll Road and will span a length of 39.8km. The government is bringing forward this project with the aim of increasing employment and speeding up economic activity in these areas.

In addition to this, a future plan will be to develop the DKI Jakarta Provincial Railway Master Project (RIPP). This route is expected to be divided into 10 lines, bringing convenience and increased traffic to the residents. The date for this project has not been set as yet.

#### **Siloam Group recent news and activity**

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Additional facilities were constructed in four Siloam Hospital locations by Meikarta, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients<sup>130</sup>. The four Siloam Hospital locations are at Kebun Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These additional facilities were to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a rapid test in Puri, Kemang and Cikarang<sup>131</sup>.

#### **Asset Performance**

SHLV falls under Region 1 as per the Siloam Hospital reporting terms, together with 8 other hospitals in the Greater Jakarta Area. It is part of the 'flagship' segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

#### **Key Indicators**

SHLV is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's net Gross Operating Revenue (NGOR) declined by 5% y-o-y.

#### **Beds**

The maximum bed capacity of SHLV is at 308 beds with 274 operational beds in December 2019, this remains unchanged as of Q3 2020.

#### **Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHLV is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

<sup>130</sup> Meikarta Builds additional buildings in 4 locations to house COVID-19 patients, Kabar Bisnis, April 2020

<sup>131</sup> Siloam carries out rapid tests on May day, Merdeka, May 2020

**SWOT analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Brand Name: As SHLV is a flagship hospital it has a strong reputation in the region for providing quality healthcare services.</li> <li>▪ Leverage Siloam network: The asset has the ability to leverage on the strengths and network of Siloam Hospital's parent company.</li> <li>▪ Advanced Technologies: SHLV is able to rely on telemedicine infrastructure to better consult its patients during the pandemic.</li> <li>▪ Location: The Lippo Village Township is made up of diverse industries and it is an affluent catchment area.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>▪ Human Resource: This asset has a significant number of highly reputable specialist staff. The hospital has to take adequate measures to ensure they are retained.</li> </ul>
<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>▪ Government Support: The hospital may have a larger pool of patients due to the infrastructure projects that are planned in the future. Pemkab introduced 4 industry schemes to boost economic activity and inject capital into companies, this could aid purchasing power of the community in the long run.</li> </ul>	<p><b>Threat</b></p> <ul style="list-style-type: none"> <li>▪ Pandemic Effects: There is a risk that once travel restrictions have been lifted and the pandemic has eased, patients may return to their pre-COVID doctors and hospitals overseas</li> </ul>

*Source: Secondary research and primary interview with Management Representative of Siloam*

**Outlook**

SHLV is part of the 'flagship' segment for Siloam Hospitals. It is located in an opportunistic location, a high density area of South Jakarta with the surrounding regency largely encompassing an affluent population.

Currently, although there is widespread unemployment, the government has multiple initiatives to boost economic activity in the future. Planned infrastructure projects as well as industry led initiatives with the finance, tourism and creative industries may increase the number of job opportunities and accessibility to the region.

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#### 4.1.10 Siloam Hospital Kebon Jeruk

##### Location Trends

Siloam Hospitals Kebon Jeruk (“**SHKJ**”) is strategically situated off the Jakarta-Merak toll road and serves the middle to high income population in the Kebon Jeruk district of West Jakarta. This hospital houses the Siloam Heart Institute, a cardiology centre of excellence on top of emergency, urology and orthopaedics centres of excellence.

As of October 2020, 70% of ICU beds in West Jakarta were occupied and 68%<sup>132</sup> of all isolation rooms in the region have been taken. The number of COVID cases in Jakarta alone has reached 106,205<sup>133</sup> cases. Currently the highest number of active cases is from West Jakarta, with 60 active cases in Kebon Jeruk.

Global developments around the COVID pandemic and the weakening of the global economy have directly impacted Jakarta, with a year-on-year contraction of the economy at 8.22%<sup>134</sup>. This downward trend is further impacted by the decline in domestic economic activity as a result of the Large-Scale Social Restrictions (PSBB) policy, to prevent the spread of COVID. Anies Baswedan, DKI Jakarta Governor, has announced that the pandemic has reduced the revenue of the region from IDR 50.17 trillion to IDR 22.5 trillion<sup>135</sup>. The economic performance of DKI Jakarta has decreased significantly because of the pandemic in the second quarter of 2020, as compared to the first quarter of 2020. Currently with the transitional PSBB being implemented, there are a number of restaurants, shopping centres and sports venues that are open to the public under strict safety conditions.

To mitigate the spread of COVID and to educate the public on the importance of washing hands to stop the transmission of the virus, the Indonesia Red Cross has distributed 56<sup>136</sup> portable wash sinks in the West Jakarta area including Kebon Jeruk. This also helps facilitate the health protocol encouraged by the central government of the ‘3Ms’, namely washing hands, wearing of masks and maintaining safe distancing.

##### Government Support

Due to the pandemic, the West Jakarta Metro police has distributed 2.5 tonnes of rice to 500<sup>137</sup> households in Kebon Jeruk. The provincial government of DKI Jakarta had also distributed social assistance to residents affected by COVID, the assistance falls under Phase 8 of the post-COVID plan. This assistance includes rice, food and household items and was distributed in October 2020 to select districts, including Kebon Jeruk, in West Jakarta.

##### Future trends

The West Jakarta City government, DKI Jakarta Province is accelerating the construction of reservoirs; this project is planned to be completed at the end of 2020. Amongst other villages, Kebon Jeruk faces floods every year. To mitigate the effects of floods the Water Resources department has deepened waterways, built new connecting channels and made repairs to embankments and the walls of households that have been damaged by the flood. The government is also likely to build collage ponds in flood prone areas where in a high rainfall season these collages will serve as a reservoir.

##### Siloam Group recent news and activity

DKI Jakarta governor, Anies Baswedan, appointed SHKJ as one of the referral hospitals for COVID cases, there are currently 90 referral hospitals in Jakarta as at the end of October 2020<sup>138</sup>.

<sup>132</sup> 70% of Covid special beds in West Jakarta have been occupied, Megapolitan, October 2020

<sup>133</sup> Positive distribution of COVID cases, iNews, November 2020

<sup>134</sup> Regional Performance report, Bank Indonesia, September 2020

<sup>135</sup> Due to Covid DKI Jakarta revenue targets drop, CNN Indonesia, May 2020

<sup>136</sup> Dozens of wash basins donated to prevent spread of COVID, WartaKota, August 2020

<sup>137</sup> In reducing the effects of COVID, Polres distributes rice, Tribune News, November 2020

<sup>138</sup> Anies Baswedan adds Covid referral hospitals, 90 in total, Metro Tempo, November 2020

Siloam Hospitals has a telemedicine infrastructure and also home care services at MRCCC, Lippo Village, Kebon Jeruk, TB Simatupang and Lippo Cikarang. Consultations are delivered through the Aido Health application and if the need arises, a healthcare team from the hospital can visit the patients' home for therapy sessions as well.

Additional facilities were constructed by Meikarta in four Siloam Hospital locations, in anticipation of the shortage of inpatient rooms to accommodate the isolation necessary for COVID patients<sup>139</sup>. The four Siloam Hospital locations are at Kebon Jeruk, TB Simatupang, Lippo Karawaci and Kelapa Dua. These facilities were built to accommodate an additional 100 patients, and are equipped with negative pressure, containing the air in the building.

A combined initiative from Lippo Malls Indonesia and Siloam Hospitals Group was to provide free online consultations after residents took a PCR or swab test in Puri, Kemang and Cikarang<sup>140</sup>.

Siloam Hospital has been conducting webinars during the pandemic to connect with the public as well as to educate them on how to stay healthy. One example is when Dr. Karina Besinga, from SHKJ, conducted a discussion under the Orthopaedic and Traumatology practice on external and internal factors needed to mitigate the disease.

**Asset Performance**

SHKJ falls under Region 1 as per the Siloam Hospital reporting terms, together with 8 other hospitals in the Greater Jakarta Area. It is part of the 'flagship' segment of hospitals, which means that these are well established hospitals with high revenue and profitability.

**Key Indicators**

SHKJ is classified as a flagship hospital. Within the flagship hospital segment, we are given to understand based on 3Q 2020 data, the flagship segment's net Gross Operating Revenue (NGOR) declined by 5% y-o-y.

**Beds**

The maximum bed capacity of SHKJ is at 285 beds with 214 operational beds in December 2019, this remains unchanged as of Q3 2020.

**Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHKJ is classified within Region 1 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 43% whereas the outpatient volumes declined by 34% y-o-y.

**SWOT analysis**

<b>Strengths</b>	<b>Weakness</b>
<ul style="list-style-type: none"> <li>▪ Brand Name: Strong Siloam Hospitals Branding that is recognized by the surrounding area</li> <li>▪ Location: SHKJ is situated in a good location with access to a captive demographic.</li> <li>▪ Centre of Excellence: The Siloam Heart Institute located here is recognized nationally.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Building Capacity: Property has limited space for capacity expansion</li> <li>▪ Parking area is limited</li> <li>▪ Certification: BPJS Kesehatan license is no longer in effect</li> </ul>

<sup>139</sup>Meikarta builds new buildings at 4 Siloam locations, Kabar Bisnis, April 2020

<sup>140</sup> Siloam performs rapid tests at May Day event, Merdeka, May 2020

Opportunity	Threat
<ul style="list-style-type: none"> <li>▪ Product Premiumization: Full private patients could mean higher margins for the hospital. There is an opportunity for further premiumization of treatments and services</li> <li>▪ Location: Catchment area is an affluent one where targeted marketing on premium services could prove successful</li> </ul>	<ul style="list-style-type: none"> <li>▪ Pandemic Effects: COVID cases in West Jakarta are still high</li> <li>▪ Uncertain when economic activity will return to normal</li> <li>▪ Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment.</li> <li>▪ Loss of demographic: As the asset is no longer BPJS certified, in the short to mid-term there would be a loss of revenue for this patient segment.</li> </ul>

Source: Secondary research and primary interview with Management Representative of Siloam

### Outlook

SHKJ is part of the ‘flagship’ segment for Siloam Hospitals. It is located in an opportunistic location, in a densely populated area of West Jakarta with the surrounding regency encompassing largely middle to high income population.

With several projects by the government targeted at flood control and mitigating its effects on households and traffic, this will bring economic activity, employment and human traffic to Kebon Jeruk, which could mean higher patients for SHKJ.

#### 4.1.11 Siloam Hospital Surabaya

##### Location Trends

Siloam Hospitals Surabaya (“SHS”) is located in the metropolitan area of East Surabaya in the Gubeng district, surrounded by a business and shopping district.

In August 2020, the city of Surabaya performed a self-assessment check to determine the risk faced by the spread of COVID. The result of this assessment showed that the city falls within a low risk category with a value of 2.43<sup>141</sup>. The assessment includes 14 factors and was provided by the central Ministry of Health in Indonesia.

The total number of COVID cases in the city of Surabaya has reached 16,108 with 1,175 deaths; in East Java the total number of cases has reached 53,518 cases<sup>142</sup>. However, as of November 2020, Surabaya has zero new cases in more than half of its 154 districts<sup>143</sup>.

The economic growth in East Java (Jatim) witnessed a y-o-y contraction of 5.9% in the second quarter of 2020. The core industries that contribute to the GDP in East Java are the processing industry at 30.05%, trade and vehicle repair at 17.40% and agriculture, forestry and fisheries at 14.11%. The highest industry contractions due to the pandemic include professional services at 14.13%, F&B and accommodation at 18.61%, trade and vehicle repair at 12.25% and the processing industry at 5.83%. The only three industries that recorded growth during the

<sup>141</sup> Surabaya is in the low risk category for spread of Covid, Detik News, November 2020

<sup>142</sup> Coronavirus update in East Java and Surabaya, Surya news, November 2020

<sup>143</sup> Surabaya Reports Zero Covid-19 Cases in More Than Half of Its Subdistricts, Tempo, November 2020



pandemic are the communications sector at 10.39%, health services at 8.95% and the agriculture, forestry and fisheries sector at 7.46%.<sup>144</sup> As a result of this contraction, 497 workers have been laid off (PHK) and 1,594<sup>145</sup> have forced leave of absence.

The government of the city of Surabaya made an announcement in July 2020 which encourages business owners in the F&B sector to continue investment and growth plans despite the pandemic. The Chairman of the East Java Indonesian Shopping Centre Management Association, APPBI, said that F&B is having an upward trend since July 2020 with expansion of new outlets or investment in existing outlets.

As a social initiative during the pandemic, KAI provided free transport vouchers for teachers and health workers to use in the month of November 2020. Another private transport player, Grab, has implemented a merchant enhancement initiative for MSMEs in October 2020. These initiatives were carried out on a Grab Online Bazaar that brought together 52,000 partners on GrabFood, GrabMart, GrabExpress and GrabKios in 16 cities including Surabaya.

A media company, Radio Suara Surabaya, collaborated with UMKM, East Java Government and the Surabaya COVID Task force to conduct programs and talk shows on social media, to engage and educate their listeners about safety measures during the pandemic. The director, Errol Jonathan, released a statement that the revenue of its media companies fell 40-60% from May to October 2020 due to the pandemic<sup>146</sup>.

### **Government Support**

Part of the East Java economic recovery strategies to encourage economic recovery is to focus on social protection, enhance purchasing power amongst residents, capital aid for MSMEs and business incentives for employment.

Based on the Integrated Social Welfare Data (DTKS), the community will receive case assistance of IDR 600,000 per household per month for three months; the total disbursement is aimed at IDR 67.5 billion<sup>147</sup>.

The Surabaya City Government has launched a certification manual in collaboration with the Ministry of Health and Ministry of Tourism and Creative Economy of Indonesia. This certification is for businesses to follow so as to give confidence to tourists to visit Surabaya and hence boost the economy.

The governor and supervisor of the East Java Regional National Craft Council, Dekranasda, has called for initiatives to support digital literacy for MSMEs, in East Java. This is so that with digital transformation, products can be widely sold online in both the national and international markets.

The city government in Surabaya, Pemkot, monitors residents by using CCTV cameras, for surveillance on those who violate health and safety protocols such as mask wearing and maintaining safe distancing.

### **Future trends**

A train development project between Japan and Indonesia took place at the end of September 2019. The concept of the Jakarta-Surabaya semi-fast train was included in the National Strategic Project (PSN) which is regulated in Presidential Decree 3/2016 concerning the Acceleration of Implementation of National Strategic Projects (PSN) as last amended by Presidential Regulation of the Republic of Indonesia Number 58 of 2018<sup>148</sup>. With the Jakarta-Surabaya semi-fast train project, the travel time from Jakarta to Surabaya will be shortened by 5.5 hours.

<sup>144</sup> Economy in East Java declines by 5.9% in quarter two, Tribune Surabaya, November 2020

<sup>145</sup> In Surabaya more than 497 have been laid off and 1594 people sent home, JawaPos, June 2020

<sup>146</sup> 18 crew at Radio Suara tested for COVID, PRFM News, September 2020

<sup>147</sup> Cash and rice social assistance in Surabaya distributed effectively, Tasik Malaya, October 2020

<sup>148</sup> Announcement on the semi-fast train in Indonesia, Tribune News, October 2020



### Siloam Group recent news and activity

SHS is one of the referral hospitals for COVID patients, with beds reserved for active cases. The hospital donated personal protective equipment to the East Java Police including 20,000 face masks, 1,000 face shields and 5,000 gowns<sup>149</sup>.

SHS is in collaboration with the Employment Social Security Administration (BP Jamsostek) Surabaya on educating on the risk of spreading the virus to BP Jamsostek participants as a social awareness initiative.

This hospital held a rapid test for 200<sup>150</sup> members of the Journalist and Cultural community on in September 2020, as part of the government’s campaign to educate society on 3M protocols in the pandemic. These protocols include mask wearing, maintaining social distancing and washing hands.

### Asset Performance

SHS falls under the Region 3 cluster as per Siloam Hospitals’ reporting terms, together with other hospitals in the region of East Java, Bali, West & East Nusa Tenggara and Timor. SHS is a part of the ‘mature’ segment of the business.

### Key Indicators

SHS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment’s net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

#### Beds

The maximum bed capacity of SHS is at 160 beds while operational beds reduced from 147 in December 2019 to 124 as of Q3 2020.

#### Admissions

With reference to Siloam’s 3Q 2020 presentation, we understand that SHS is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

### SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Strategic location: SHS is located in one of Surabaya’s main roads with proximity to business and shopping districts, as well as being surrounded by many diplomatic consulates. The location eases access for existing or potential patients in seeking quality HCS.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Aged Building: The hospital building is old and will require significant capital expenditure for refurbishments. As it is an old facility, this could make it difficult to retain staff.</li> <li>Road Subsidence: A road subsidence event which occurred in December along Jalan Raya Gubeng, near SHS.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Rising per capita income and affluent population: Surabaya is second only to Jakarta as Indonesia’s most economically</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk</li> </ul>

<sup>149</sup> Siloam Hospitals donates to the East Java Police, Jakarta Globe, June 2020

<sup>150</sup> Siloam Hospitals with the presidential staff office holds Covid testing, Berita Lima, September 2020

<p>developed cities, leading to higher per capita income which provides patient pool for the hospital.</p> <ul style="list-style-type: none"> <li>▪ Growing Industrial area: Greater Surabaya areas, including Gresik and Sidoarjo, have been among the most prominent industrial cities in Indonesia. Industrial growth has enhanced the population's ability to pay for quality HCS and thus, provides SHS with lucrative market potential.</li> <li>▪ Industry Strength: Surabaya is home to many key business establishments such as PT Sampoerna, PAL Indonesia and Unilever Indonesia; this could be opportunistic for the hospital for corporate referrals.</li> <li>▪ Central Location: Surabaya is an attractive hub as the second largest city by GDP in Indonesia and connecting East and West Indonesia via their port facilities. This gives rise to future business opportunities to be based here, increasing employment and potentially the number of business hubs in the city.</li> </ul>	<p>that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SHS</p>
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Source: Secondary research and primary interview with Management Representative of Siloam

## Outlook

With Surabaya city in the low risk assessment for the spread of COVID, economic recovery is likely in 2021. The economy is not dependant on only one main industry for growth or economic activity, but diversified across industries like shipbuilding, heavy equipment, food processing, agriculture, electronics, home furnishings, and handicrafts. This diversification makes it easier for growth to return to normal.

With initiatives to digitize MSMEs to trade nationally and internationally, the city has a multi-prong strategy for growth. With the return to normal, this could provide SHS with potential increase in demand.

### 4.1.12 Siloam Hospitals Kupang

#### Location trends

Siloam Hospitals Kupang (“SHKP”) is located in the capital of East Nusa Tenggara (NTT) province and serves the surrounding areas of Flores, Sumba and Rote-Ndao Islands. This hospital is considered to be a BPJS Kesehatan hospital, which means that more than 60% of its revenue is derived from BPJS patients.

Kupang is part of the Timor-Leste– Indonesia– Australia Growth Triangle partnership or TIA-GT. This growth zone was established in 2016 to boost trade and investments, connectivity and tourism. Two of the objectives under the TIA-GT were to increase tourism between Darwin and Bali to Kupang and its surrounding areas. Another objective was to promote the development of manufacturing, agriculture, fisheries, and education sectors<sup>151</sup> between the partnership

<sup>151</sup> Boosting growth through the Growth Triangle, Government of Timor-Leste, April 2016

Kupang has a total of 211 active COVID cases as of end October 2020<sup>152</sup> with the regional total for the NTT province at 768 cases. Y-o-Y economic growth in the province declined by 1.96% in the second quarter of 2020. The economic contraction is directly due to the pandemic, with the decline in private and government consumption. Industry performance also declined in the agriculture, forestry and fisheries, wholesale and retail trade, vehicle repair and construction sectors.<sup>153</sup> The economy is projected to recover in the third and fourth quarter of 2020 with the acceleration of economic growth being driven by an improvement in domestic demand<sup>3</sup>.

Kupang City was recorded to have experienced the highest deflation in Indonesia as of August 2020, amounting to 0.92 percent. This deflation was largely attributed to the decrease in price index of food, beverage and tobacco<sup>154</sup>. The calculation of the Consumer Price Index (CPI) in Kupang decreased from 103.43 in July 2020 to 102.48 in August 2020<sup>4</sup>.

### Government Support

The government of Kupang City has initiated an online training programme for 5,000 youths in September 2020, in hopes that it will generate economic benefits at a later stage if youths want to start up businesses.<sup>155</sup>

To support the population of Kupang during the effects of COVID, the government has prepared a budget of more than IDR 75 billion sourced from the APBN and APBD. There is also a basic necessities food assistance budget of IDR 48 billion and a social rehabilitation budget of IDR 822 million<sup>6</sup>.

Families who have been affected by the pandemic are likely to receive social assistance in the form of rice from the Indonesian Ministry of Social Affairs; this assistance is part of the social safety net (JPS) programme to mitigate the impact of the Covid on society. The distribution of 510,795 tonnes of rice is from October to December 2020 and spread over 6 districts<sup>156</sup>.

To cater to basic water requirements of households in Kupang, the central government has provided a budget of IDR 189 billion to the Kupang City government. This will be used to build the Kali Dendeng Dam, which will be used to serve the needs of an estimated 1,500 families<sup>157</sup>.

### Future trends

The NTT provincial government will take a regional loan of IDR 1.5 trillion<sup>158</sup> from the National Economic Recovery Program (PEN). This will provide capital aid for infrastructure projects and recovery of economic activity due to the pandemic. The five areas this loan will be used in are the development of regional road infrastructure, including drainage and water networks, the agriculture, livestock and fisheries sector and social forestry developments.

The provincial government is also planning for the future of tourism and its recovery with 3 strategies. Firstly to increase partnership with the Association of The Indonesian Tours and Travel Agencies (ASITA) network, secondly to create a digital marketing and sales platform for the tourism and creative industries, and lastly to partner with global digital companies in the tourism sector, like Traveloka Indonesia<sup>159</sup>.

### Siloam Group recent news and activity

The Kupang City deputy mayor announced that further collaboration between the government and private hospitals was needed in order to cater to the healthcare demands of the population. With this he announced funding for a MRI machine for SHKP, to add to the neurosurgical

<sup>152</sup> NTT Covid 19 Update, Pos Kupang, November 2020

<sup>153</sup> East Nusa Tenggara Province Economic Report, August 2020

<sup>154</sup> Deflation in Kupang City in August is the highest nationally, Pos Kupang, September 2020

<sup>155</sup> Kupang Government focuses on restoring economy amidst the pandemic, NTT Online Now, September 2020

<sup>156</sup> Mayor of Kupang Launched Distribution of Rice Social Assistance, NTT Online Now, September 2020

<sup>157</sup> Construction of Dendeng Kupang River Dam at 189 billion, Bali Bisnis, August 2020

<sup>158</sup> NTT Provincial Government Will Borrow 1.5 Trillion PEN Fund to Build Infrastructure and Investments, Radar NTT, October 2020

<sup>159</sup> NTT Prepares 3 steps to tourism recovery, MedCom, October 2020

facilities there. This is so that residents of the area do not need to travel elsewhere e.g. Jakarta in order to obtain scans.

In order to better meet the public needs and affordability, the management at SHKP has reduced the cost of the COVID rapid test from IDR 480 thousand to IDR 350 thousand.

In order to provide stable power for the hospitals' operational needs and to prioritize patient comfort, the management has signed a Power Purchase Agreement ("SPJBTL") with PLN for 3,465 KVA, with the aim of having continuous power at the hospital.

### **Asset Performance**

SHKP falls under the Region 3 cluster as per Siloam's reporting terms, together with other hospitals in the regions of East Java, Bali, West and East Nusa Tenggara and Timor.

This asset attributes a large proportion of its revenue from the BPJS health insurance group under the government, as it caters to the local population. This is one of the two predominantly BPJS Kesehatan payor group hospitals, together with Siloam Hospital Purwakarta.

### **Key Indicators**

SHKP is classified as a BPJS hospital. Within the BPJS hospital segment, we are given to understand based on 3Q 2020 data, the BPJS segment's net Gross Operating Revenue (NGOR) declined by 4% y-o-y.

#### **Beds**

The maximum bed capacity of SHKP was at 416 beds while operational beds declined from 140 in December 2019 to 134 as of Q3 2020. The bed capacity has also decreased to 329 as of 3Q 2020.

#### **Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHKP is classified within Region 3 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 35% whereas the outpatient volumes declined by 22% y-o-y.

### **Financial Performance**

Established in 2014, SHKP is one of the two hospitals in the group portfolio that are BPJS Kesehatan focused, i.e., more than 60% of its revenue is derived from BPJS Kesehatan patients. As per Siloam's 3Q 2020 presentation, BPJS-focused hospitals have been witnessing declining profitability. EBITDA margins that were around 20% in 2017 are trending downward to 12% (FY18), 9% (FY19) and 9% (9M20). This despite the fact that the segment recorded the highest occupancy rates among other segments at around 61%. Frost & Sullivan is of the opinion that this is expected as profitability is not central for BPJS focused hospitals and growth is expected to be steady. It is of noteworthy mention that BPJS-focused hospitals only contributed marginally to overall group's financials at around 4% EBITDA in aggregate.

SHKP was founded on the following premises,

- i) to lever the implementation of BPJS Kesehatan scheme; and
- ii) To turn SHKP into a referral centre for neighbouring regencies and cities.

Frost & Sullivan opines that while SHKP has successfully put in place the BPJS Kesehatan program as reflected by its patient mix, it may take a while to ensure profitability. Historically, major impediments to the region have been mobility and accessibility issues. However, this is expected to be significantly reduced in the forecast period as government is continuously striving to improve infrastructure in both Kupang and NTT.

**SWOT Analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Advanced Technologies: SHKP will be the only hospital in the NTT region with advanced technologies such as enhanced MRI facilities; future patients for stroke related diseases may come here.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Human Resource Challenges: Due to the remote nature of Kupang City, it is hard to hire and retain doctors for this hospital.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Regional population: With several areas in the NTT province needing high quality healthcare in a close proximity, they could be attracted to SHKP's services with adequate marketing done by the hospital.</li> <li>Government support: With the deputy mayor of Kupang City making public announcements for intended partnerships with SHKP, this will improve local perception and trust in the hospital.</li> <li>With several planned government led projects across 5 industries for NTT and Kupang, the increased traffic and economic activity may bring a future patient pool to SHKP.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Branding: The strength of branding that is prevalent at other Siloam Hospital locations is not too certain here. The brand name could symbolize a higher price or foreign name instead of providing the locals comfort.</li> <li>Perception of services: Patients may choose to go to private hospitals outside of Kupang with the perception that SHKP may not be able to handle complex cases.</li> <li>Premiumization of products: Owing to the current demographic and patient pool of SHKP, there is a minimal chance of premiumization of services and treatments, but a greater likelihood of focusing on BPJS Kesehatan patients.</li> </ul>

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

**Outlook**

With a multi-pronged approach taken by the government to boost growth in a diversified set of industries, economic activity in Kupang is set to grow.

This is further stated in the regional economic report whereby consumption and economic activity has been steadily rising in Q3 2020 and potentially in Q4 2020 in Kupang, as a result of increase government and consumer expenditure.

The support from government representatives in collaborating with SHKP to enhance quality of healthcare in the region is likely to augur well for SHKPs' brand image and credibility in the minds of the public.

**4.1.13 Siloam Hospitals Sriwijaya**

**Location trends**

Siloam Hospitals Sriwijaya (“SS”) is located in Palembang City, a major port city and the capital of South Sumatra.

The economic activity in Palembang is largely driven by manufacturing and construction accounting for 33% and 18%<sup>160</sup> of GDP respectively, followed by other sectors such as

<sup>160</sup> Central Statistics Agency 2017

transportation, trading and services. As a business hub for South Sumatra it serves a point of trade and services from neighbouring cities such as Jambi, Bengkulu, Bangkar Belitung and Lampung.

As of end October 2020, there were 11 additional COVID cases in Palembang City, bringing the total number of cases to 3,401<sup>161</sup>. The Palembang City government announced in November the number of deaths per day has been 1 to 3 cases, as compared to 2 months ago where the total had reached 18 deaths a day<sup>162</sup>.

In the second quarter of 2020, in South Sumatra, the economic growth contracted by 1.37%, down from the first quarter which grew at 4.98%<sup>4</sup>. This slowdown was largely caused by the decline in household consumption and a decline in investments and foreign exports. Industries in the region like processing and mining also contracted, whereas agriculture, forestry and fisheries still had growth in the second quarter, but at a slower pace. As a result of the overall economic contraction 612 workers were laid off while 7,020 were forced on a leave of absence<sup>163</sup>.

To mitigate the impact of COVID to the economy, government consumption and manufacturing capacity has increased. This is expected to balance the decline in economic growth.

To improve in human capital and skills during the pandemic, BPJAMSOSTEK has implemented a vocational program for working in the city to help those who have been laid off due to COVID. In 2020 the target number of vocational training is 500 students<sup>164</sup>.

### **Government Support**

The Palembang City Health Office (Dinkes) has created collaboration with two companies<sup>165</sup> to manage medical waste from COVID affected patients for healthcare facilities that do not have incinerators.

The South Sumatra governor, Palembang City mayor and the Minister of Marine Affairs and Fisheries inaugurated the first modern fish market in the city, an initiative aimed at reviving small and medium businesses- currently a total of 164 traders<sup>166</sup> operate in this market.

### **Future trends**

The NTT provincial government will take a regional loan of IDR 1.5 trillion<sup>167</sup> to inject capital into infrastructure and investments in the province, to boost the economy. The government of Palembang City is injecting IDR 4 trillion into seven infrastructure projects that are planned to start in 2021. These projects are aimed to address current challenges around transportation and water basin restoration and retention.

### **Siloam Group recent news and activity**

SS is working closely with the Lippo Group in order to build an emergency room for COVID patients. This facility will be using the parking yard at the adjacent Lippo Mall, so it is separate from the hospital main building. It is intended to hold 60 beds in total, including 15 ICU beds and 5 ventilator units. Additionally there will be 42 ward rooms for patients who have recovered but are under supervision<sup>168</sup>.

Both Siloam Sriwijaya Hospital and RK Charitas Palembang Hospital have set a new rapid test tariff, taken from central government guidelines, of IDR 150 thousand<sup>169</sup>.

<sup>161</sup> Cases in Palembang increase by 50 people, Tribune News, October 2020

<sup>162</sup> The number of bodies in Gandus cemetery decreases, Sumatra Business, November 2020

<sup>163</sup> Economic report for South Sumatra, August 2020

<sup>164</sup> BPJamsostek opens vocational training amidst COVID lay offs, Urban ID, August 2020

<sup>165</sup> Managing waste in 42 puskemas for COVID, Suara Sumsel, October 2020

<sup>166</sup> PIM helping the society in COVID, Sriwijaya TV, November 2020

<sup>167</sup> NTT Provincial Government Will Borrow 1.5 Trillion PEN Fund to Build Infrastructure and Investments, Radar NTT, October 2020

<sup>168</sup> Special room for Covid-19 patients in mall parking yard, Sri Poku, May 2020

<sup>169</sup> Tariff added for rapid testing of RP 150,000, Palembang Tribune, July 2020



Due to the large demand in the region and in Palembang City, an IVF clinic was planned at SS this year. However due to the emergence of COVID and its effects, this plan has been postponed and a date for the opening has not been determined as of November 2020. When it does start operations, this will make it the only clinic for IVF in South Sumatra. Previously a patient would have to go to Jakarta or overseas if they needed IVF treatment. A director at the hospital, Dr. Bona Fernando, believes that there is a large captive demographic for this service in the region once the clinic commences.<sup>170</sup>

A collaboration between Garuda Indonesia and SS in October 2020 provided vouchers for rapid tests that could be done at the hospital, at a discounted rate of IDR 90 thousand<sup>171</sup>.

### Asset Performance

SS falls under the Region 5 cluster as per Siloam's reporting terms, together with other hospitals in Sumatra.

This asset is considered as a 'mature' hospital, which means that it is profitable with a high potential and further capacity for growth.

### Key Indicators

SS is classified as a mature hospital. Within the mature hospital segment, we are given to understand based on 3Q 2020 data, the mature segment's net Gross Operating Revenue (NGOR) declined by 8% y-o-y.

#### Beds

The maximum bed capacity of SS was at 357 beds as of December 2019 while operational beds decreased from 170 in December 2019 to 159 as of Q3 2020. The bed capacity has also decreased to 220 as of 3Q 2020.

#### Admissions

With reference to Siloam's 3Q 2020 presentation, we understand that SS is classified within Region 5 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 46% whereas the outpatient volumes declined by 34% y-o-y.

### Financial Performance

Spearheaded by the growing economy of Palembang, SS has recorded a strong growth since its inception in 2012. In the past 5-years, its revenue grew from approximately IDR 135 billion (FY14) to approximately IDR281 billion (FY19), at an average annual growth of approximately 16%. Gross margins and net margins grew from approximately 1% and 24% to approximately 13% and 38% respectively over the same period. It is also one of the hospitals in the portfolio with healthy growth of IPD traffic as reflected by their growing operational beds from 135 beds in 2014 to 159 beds currently. Frost & Sullivan is of the opinion that SS strategy to tie-up with companies and the development of industrial clusters in Palembang has helped SS to record healthy growth over the years.<sup>172</sup>

Palembang is Sumatra's economic powerhouse and SS is expected to ride on Palembang's economic success story. Palembang is one of the oldest cities in Indonesia and Frost & Sullivan is of the opinion that its recently emerging reputation will hold good in the forecast period and is likely to augur well for the overall healthcare sector in Palembang.

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<sup>170</sup> Siloam Sriwijaya opens first IVF clinic in South Sumatra this year, Tribune Sumsel, January 2020

<sup>171</sup> Rapid Tests at Siloam Sriwijaya bundled with Garuda Ticket, Tribune Sumsel, October 2020

<sup>172</sup> Bloomberg, Siloam International Hospitals Tbk PT (SILO IJ) – Financial Analysis – By Segment



**SWOT Analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Regional Capability: SS will be the only hospital in the South Sumatra region with an IVF clinic; this may attract patients in the city and surrounding areas to visit this clinic instead of flying to Jakarta or other countries.</li> </ul>	<p><b>Weakness</b></p> <ul style="list-style-type: none"> <li>Pandemic Effects: Due to COVID, expansion plans for this asset has been temporarily halted.</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Government support: Infrastructure projects across the city to improve accessibility could help in job opportunities for residents, improving the economy.</li> <li>First Mover advantage: SS could be the first hospital in the South Sumatra region to have an IVF specialty clinic, capturing a captive demographic for all IVF needs instead of patients travelling to Jakarta or overseas.</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Pandemic Effects: When travel restrictions have been lifted and the pandemic has eased, there is a risk that patients may return to their pre-COVID doctors and hospitals overseas rather than continue treatment at SS.</li> </ul>

Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals

**Outlook**

Despite the overall slowdown in economic activity in Palembang, there is a mild recovery in agriculture, forestry and fisheries<sup>127</sup>, due to the diversified nature of industries in Palembang, this could balance the effects of the pandemic and support growth in the long term.

With the high amount of government expenditure in several projects on a provincial and city government level, this is being done with the aim of increasing job opportunities, improving purchasing power and household consumption, thus improving economic activity. Initiatives that help the community and MSMEs like the integrated modern fish market aims to bring not only economic activity but also a sense of community after all social restrictions are lifted.

**4.1.14 Siloam Hospital Purwakarta**

**Location trends**

Siloam Hospitals Purwakarta (“SHPW”) is based in the capital city of Purwakarta, in Purwakarta regency of West Java. The hospital is located at Jalan Raya Bungursari, which is easily accessible by the residential and industrial areas of the city.

This hospital is considered to be a BPJS hospital, which means that more than 60% of its revenue is derived from government health insurance, BPJS patients. The Purwakarta city has

a total of 629 positive cases, and 30 deaths<sup>173</sup>. In October 2020, Micro Scale Social Restrictions, (“PSBM”) was lifted. However, the reduction of stricter measures resulted in the number of cases rising with a total of 227 positive cases that emerged after this. This led to the Purwakarta Regency government implementing the PSBM once again as of 10<sup>th</sup> November 2020 in five sub-districts<sup>174</sup>.

The impact of COVID has caused an economic slowdown in West Java. In the second quarter of 2020 growth contracted by 5.98%, largely attributed by a reduction in both private and government expenditure. The contraction in West Java is larger than the y-o-y national decline of 5.32%<sup>175</sup>. For domestic demand, the decline in household consumption is in line with the weakening purchasing power, due to the rising unemployment during the pandemic. In addition, the implementation of COVID restrictions have resulted in limited community activities for the second quarter of 2020.

The Purwakarta Regent, Anna Ratna Mustika, announced in a press release that before the pandemic the number of unemployed was estimated at 6,000 workers. Now due to the pandemic an additional 4,000 workers have been forced on a leave of absence and 2,000 workers have been terminated.

In 2021, the economy of Purwakarta is likely to grow by 5.54%<sup>176</sup> against the backdrop of infrastructure plans and the upcoming 1,200 hectare industrial area which has the potential to accommodate 200 companies. As Purwakarta is within a business and industrial area, the government predicts that this target can be reached, significantly reducing the number of unemployed in the region.

### Government Support

The Purwakarta Regency government has implemented initiatives to help deal with the impact of COVID to the economy. One of these initiatives is job training conducted by the Purwakarta Manpower and Transmigration Service (“Disnakertrans”) for individuals who are affected by the pandemic and have lost their jobs. Another initiative is a collaboration between Disnakertrans and the Purwakarta Indonesian Workers Union (“SPSI”) to provide job placement and training for those that are unemployed.

The Social Service office in Purwakarta is providing assistance to employees who have been laid off as a result of economic contractions during the pandemic. Assistance amounting to IDR 2 million<sup>177</sup> was given for 1,000 employees who were laid off.

As part of social assistance, the BULOG ciwangi warehouse has provided rice supplies for 30,414 individuals that have been affected by COVID in Purwakarta Regency. A total of 47<sup>178</sup> tonnes of rice has already been distributed to two districts as of September 2020.

Large infrastructure projects were carried out by the Indonesian National Armed Forces, TNI, in Purwakarta such as construction activities in seven roads in the Campaka District across 2.2km, seven roads in Purwakarta regency, as well as a temporary bridge connecting Cijunti Village to Campaka District<sup>179</sup>.

### Future trends

The Purwakarta City government has stated that it is committed to strengthening the economy post-COVID to improve the income and employability of its residents. The focus for 2021 is to promote independent industries that are environmentally friendly and to also increase initiatives to strengthen the tourism sector.

<sup>173</sup> Rising cases in Purwakarta for COVID, Jabarprov, November 2020

<sup>174</sup> Purwakarta returns to PSBM measures, Republika, November 2020

<sup>175</sup> Economic report for West Java, August 2020

<sup>176</sup> Purwakarta targets growth beyond 2020, Jabarprov, February 2020

<sup>177</sup> Layoff victims provided cash social assistance, Republika, October 2020

<sup>178</sup> Rice supplies provided to districts in Purwakarta, Kemsos Indonesia, September 2020

<sup>179</sup> The rapid development of infrastructure in Purwakarta is due to the involvement of the TNI, Purwakarta News, October 2020

With several infrastructure projects in place that will improve the accessibility of Purwakarta City in the regency, the government aims to increase collaboration with tourism and creative industries in the region, to increase the number of product centres for culinary, souvenirs and other creative economies.

**Siloam Group recent news and activity**

SHPW is one of the appointed referral hospitals for handling COVID patients. The hospital has special rooms for patients under supervision, while active cases are in a building separate from the main hospital building. Steps have been taken to ensure occupational health for all staff members directly dealing with COVID patients, such as providing a residence for staff in the nearby area and conducting frequent rapid tests.

The hospital has implemented a Clean and Safe Hospitals program that prioritises the safety and health security of visitors and patients seeking treatment, to prevent the possible transmission of the virus.

**Asset Performance**

SHPW falls under the Region 2 cluster as per Siloam's reporting terms, together with other hospitals in the West and Central Java region.

This asset attributes more than 60% of its revenue from the BPJS Kesehatan health insurance group under the government, as it caters to the local population. This is one of the two predominantly BPJS Kesehatan payor group hospitals, together with Siloam Hospital Kupang.

**Key Indicators**

SHPW is classified as a BPJS hospital. Within the BPJS hospital segment, we are given to understand based on 3Q 2020 data, the BPJS segment's net Gross Operating Revenue (NGOR) declined by 4% y-o-y.

**Beds**

The maximum bed capacity of SHPW was at 235 beds while operational beds declined from 228 in December 2019 to 224 as of Q3 2020. The bed capacity has increased to 245 as of 3Q 2020.

**Admissions**

With reference to Siloam's 3Q 2020 presentation, we understand that SHPW is classified within Region 2 of Indonesia. In aggregate, the inpatient volumes of the hospitals within this region declined by 25% whereas the outpatient volumes declined by 24% y-o-y.

**SWOT Analysis**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Increasing Capacity: With the current demand, the asset may increase in bed capacity in the near future to match with the rising demand in the area</li> <li>▪ Location: The asset is in a good location to cater to the regions' demand and it has seen steady growth in capacity with the BPJS Kesehatan demographic.</li> </ul>	<p><b>Weakness</b></p> <p>Pandemic Effects: It is uncertain when the growth of this asset in Purwakarta will normalize to its pre COVID levels</p>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ Government support: Industrial area</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ High Unemployment: Purwakarta is</li> </ul>

<p>that is planned for 2021 may bring an influx of businesses to the City, accordingly potential patient pools from corporate insurance and referrals.</p> <ul style="list-style-type: none"> <li>▪ Accessibility: With large infrastructure projects being carried out by the military, in 2021 the hospital may see higher incoming patients from the surrounding areas.</li> </ul>	<p>facing high unemployment post COVID, residents may not be able to afford elective medical procedures unless it is an emergency.</p>
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*Source: Secondary research and primary interview with Management Representative of Siloam Group of Hospitals*

**Outlook**

With multiple projects underway to boost economic activity in Purwakarta, their economic growth projection is targeted to increase in 2021. With potentially lower unemployment and spending power from the residents together with corporate referrals, SHPW could see an increase in patients in 2021.

When the PSBM restrictions are lifted, consumption by the private sector may increase, bringing greater economic stability in the community for Purwakarta City.

**4.2 CONCLUSION**

Based on the findings for the profiles above, comparatively, the ‘ramping up’ segment of hospitals in Labuan Bajo, Buton and Yogyakarta have the potential to grow at a faster rate than the hospitals in the ‘mature’ and ‘flagship’ segments. This is also because these assets are starting from a lower revenue base, since they have only been operating for the last 2-4 years. The growth in this segment, at a y-o-y NGOR increase of 145% in 3Q 2020, is also due to the increased number of patients and testing being done on the ground during COVID. Patients who have visited these hospitals during this pandemic may have the chance to realise the standards of quality and safety and may continue to seek treatment at these hospitals even after the pandemic has ended.

Within the BPJS Kesehatan hospitals, there are central government plans to restrict the class or wards that patients are allowed to choose in the future, to Class C wards only. Should this happen, there is likely to be a reduction in patients upgrading to private classes or having the choice of the ward they would like to stay in. This may lead to lower margins being recognised by private healthcare players for the BPJS Kesehatan demographic. Siloam Hospitals in this segment, which are SHPW and SHKP, are performing well with a high occupancy rate and do have the potential to further increase capacity.

There are several initiatives being carried out in the ‘mature’ hospital segment and its cities not only by the government on a regional level but on a city level as well, in hopes to boost economic activity and promote the diversification of industries. This may improve employment, household consumption and the economy in the long run. Cities that are highly dependent on one industry, for example tourism, may take longer to recover. This is with the view that government restrictions on when travel may ease are uncertain. With a large number of related industries and businesses dependent on one industry, the economy may take longer to recover.

For the ‘flagship’ hospitals, their strength lies in a captive demographic, good location and a strong brand name and reputation. During the pandemic these hospitals, with their centres of excellence, could benefit from an inflow of patients who may have travelled overseas for treatment, but now visit this segment of hospitals owing to restrictions surrounding travel and tourism. For instance, for MRCCC, a restriction on global travel means that it may see an increase in non-elective complex cases and chemotherapy treatments. The provision of tele-medicine between the hospital and others in the region is likely to facilitate patients to continue receiving the standard of care they wish for, with the doctor that they are comfortable with.

Another hospital, SHLV is likely to benefit by absence of competitors within the vicinity coupled with its favourable location. The asset is also recognised for its Neurology and to some extent Cardiology services. Similar to MRCCC, this could mean that for non-elective procedures there may be an increase in patients due to travel restrictions overseas. For SHKJ it is in a good location with strong brand recognition, however despite the demand, there is limited space for capacity increase at the hospital.

## 5 CONCLUSION AND KEY TAKEAWAYS FOR SILOAM GROUP OF HOSPITALS

Owing to the pandemic situation globally and in Indonesia, Siloam Hospitals and other private healthcare providers have faced structural challenges in 2020. The situation is expected to continue through the mid-term until the economy recovers from the effects of the pandemic. As outlined earlier, there has been a significant decline in outpatients and inpatients across most of the hospitals in Indonesia. Hospitals have reported a dip in cash flows with some of them resorting to telemedicine as a mode of primary healthcare delivery. The revenue margins for this sector would be relatively muted when compared to 2019, as elective treatments that have high complexity and a relatively higher realisation would be infrequent owing to the perception of health risks and may be postponed by the patient. Additionally, while there are increasing BPJS Kesehatan patients visiting the hospitals for COVID testing, these are not high margin procedures and are under the government health insurance segment.

Economic activity has taken a significant hit and unemployment has been rising due to declining business operations across several cities. With high levels of unemployment, household consumption in the community reduces resulting in low purchasing power. Patients have been reluctant to visit the hospital for elective procedures and have been going to hospitals for emergencies only. This further exacerbates the decline in the private healthcare industry, as is shown by the 48%<sup>180</sup> reduction in occupancy at Siloam Hospitals as of 3Q 2020. Frost & Sullivan opines that even in a post-COVID environment, due to the struggling economy where unemployment is high, the community may not have recovered enough to be able to afford elective procedures and treatments.

It is of noteworthy mention that under the Siloam Hospitals group, there are assets located in tourism-dependent destinations such as Bali, Manado, Labuan Bajo, Yogyakarta and Surabaya. Owing to a lack of clarity on the easing of global travel restrictions, it is uncertain as to when these regions will see the return of foreign tourists. This in-turn is expected to result in a mid to long-term delay in the recovery to baseline numbers across all sectors of the economy.

There is however certain benefits that are expected to accrue in the short to medium term such as in the area of outbound medical tourism. Patients in the past have preferred seeking treatment especially for non-elective procedures in countries such as Singapore and Malaysia which has drastically fallen with COVID related travel restrictions being imposed. This trend is also expected to continue for some period of time even after the pandemic eases, with patients being wary of travel when alternate options are available within Indonesia itself. Many of the hospitals under the Siloam Hospitals umbrella may benefit from this trend.

In the short to medium term it will be of paramount importance for Siloam Hospitals to provide community education and outreach to assure patients of their 'clean and safe' health security protocols practiced at all their assets. This may provide assurance and confidence in the community to return to the hospital for non-emergency cases, medical check-ups and elective procedures, thereby improving patient volumes and revenue margins in the mid to long term.

Despite the challenges on a national, city and community levels, there has been recovery in the 'Ramping-up' segment for Siloam Hospitals. Overall, the Siloam Hospitals group is likely to be well positioned to create a turnaround despite the effects of the pandemic, given its strength as one of the leading private healthcare providers, and the natural operator for First REIT's hospitals in Indonesia.

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<sup>180</sup> Siloam Corporate Presentation 3Q 2020

## INFORMATION RELATING TO THE MASTER LEASE RESTRUCTURING

### BACKGROUND

The Manager understands that LPKR is facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses. For illustration, LPKR has been generating negative operating cash flows since 2015 with an aggregate negative cash flow of approximately Rp.15.7 trillion (approximately S\$1.5 billion<sup>1</sup>).

First REIT's lenders have also expressed significant concerns over the sustainability of First REIT's capital structure in light of LPKR's current financial circumstances and LPKR's expressed intentions regarding the LPKR MLA Restructuring.

As at 31 December 2020, 80.2% (or approximately S\$394.7 million) of First REIT's debt was coming due within the next 18 months, with 39.7% (or approximately S\$195.6 million) coming due on 1 March 2021, as illustrated by the following table:

Due Date	Amount	Percentage of Total Debt	Facility
1 March 2021	S\$195.6 million	39.7%	Part of the 2018 Secured Loan Facilities
1 March 2022	S\$99.1 million	20.2%	Part of the 2018 Secured Loan Facilities
16 May 2022	S\$100.0 million	20.3%	The 2019 Secured Loan Facility
<b>Total Debt Due within the next 18 months</b>	<b>S\$394.7 million</b>	<b>80.2%</b>	
1 March 2023	S\$97.7 million	19.8%	Part of the 2018 Secured Loan Facilities
<b>Total</b>	<b>S\$492.4 million</b>	<b>100.0%</b>	

The Trustee had entered into the Refinancing Facility in order to meet the S\$195.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

The maximum amount of S\$260 million under the Refinancing Facility is lower than the amount of S\$400 million under the 2018 Secured Loan Facilities because of the lenders' concerns over the uncertainty relating to the valuations and cash flows of First REIT's assets and the potential negative impact of any master lease restructuring. It is a condition of the Refinancing Facility that First REIT undertakes an equity fund raising exercise to repay the difference between S\$400 million and S\$260 million, being S\$140 million.

First REIT is therefore carrying out the Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$195.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

The resolution to approve the LPKR MLA Restructuring was duly passed by Unitholders on 19 January 2021.

<sup>1</sup> Computed based on the mid-market Singapore Dollar to Indonesian Rupiah exchange rate at the end of the respective financial year.



## THE LPKR MLA RESTRUCTURING

### Key Terms of the LPKR MLA Restructuring

The LPKR MLA Restructuring will be effected by the entry into of supplemental MLAs between the relevant master lessors and the relevant master lessees, which will amend and restate the existing LPKR MLAs based on the key terms which are set out below.

#### (a) Term of the Restructured LPKR MLAs

The following table sets out details of the LPKR Hospitals, their acquisition year, the expiry year of the initial term of the relevant MLAs as well as the master lessee(s) of the LPKR Hospitals. Any extension of the initial term of the MLAs requires LPKR's agreement.

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee(s)
1.	Siloam Hospitals Surabaya	2006 (Year of IPO)	2021	LPKR
2.	Siloam Hospitals Kebon Jeruk	2006	2021	LPKR
3.	Siloam Hospitals Lippo Village	2006	2021	LPKR
4.	Mochtar Riady Comprehensive Cancer Centre	2010	2025	LPKR
5.	Siloam Hospitals Makassar	2012	2027	LPKR
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	2012	2027	LPKR
7.	Siloam Hospitals TB Simatupang	2013	2028	LPKR
8.	Siloam Hospitals Bali	2013	2028	LPKR
9.	Siloam Hospitals Labuan Bajo	2016	2031	LPKR and a wholly-owned subsidiary of Siloam
10.	Siloam Hospitals Buton	2017	2032	LPKR and a wholly-owned subsidiary of Siloam
11.	Siloam Hospitals Yogyakarta	2017	2032	LPKR and a wholly-owned subsidiary of Siloam

Under the LPKR MLA Restructuring, the 15-year term of the restructured LPKR MLAs will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees. The lease for the further term shall be on terms and conditions (including the rent payable for the further term) to be mutually agreed between the parties. The leases of hospitals with redevelopment potential, such as Siloam Hospitals Surabaya, may be terminated at any time by mutual written consent of the parties, subject to the feasibility and due diligence of any proposed redevelopment plan, which must be yield accretive and meet First REIT's investment objectives. At this stage, only Siloam Hospitals Surabaya has been identified by the Manager as having such redevelopment potential.



**(b) Revised Rental Formula**

The current rental formula under each of the existing LPKR MLAs provides for rental to be calculated based on the sum of a base rent component and a variable rent component.

*Base Rent under the Existing LPKR MLAs*

Under the existing LPKR MLAs, the amount of base rent payable is adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

The base rent component is subject to increase based on the following formula:

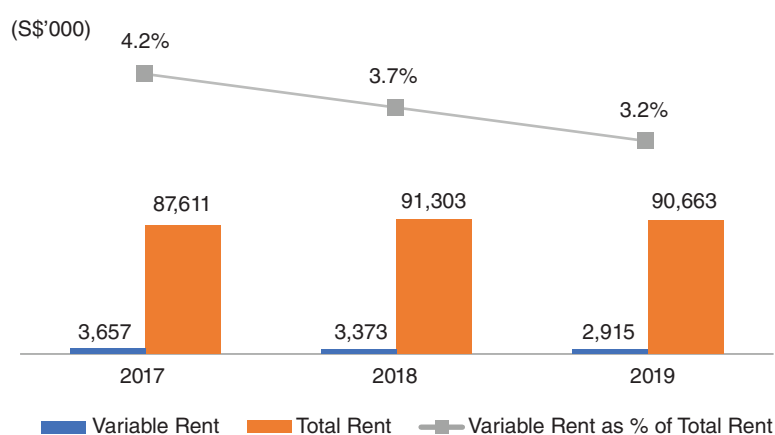
No.	Property Name	Base Rent Escalation Formula under Existing LPKR MLAs
1.	Siloam Hospitals Surabaya	Increase on each anniversary date from (and including) the <u>first</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
2.	Siloam Hospitals Kebon Jeruk	
3.	Siloam Hospitals Lippo Village	
4.	Mochtar Riady Comprehensive Cancer Centre	
5.	Siloam Hospitals Makassar	Increase on each anniversary date from (and including) the <u>third</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
6.	Siloam Hospitals Manado and Hotel Aryaduta Manado	
7.	Siloam Hospitals TB Simatupang	
8.	Siloam Hospitals Bali	
9.	Siloam Hospitals Labuan Bajo	Increase on each anniversary date from (and including) the <u>fifth</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
10.	Siloam Hospitals Buton	
11.	Siloam Hospitals Yogyakarta	
		In addition, for each five-year period of the lease term commencing from (and including) the fifth anniversary date of the commencement date under the MLA (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 overall cap of 5.0% for each such five-year period.

### Variable Rent under the Existing LPKR MLAs

As for the variable rent under the existing LPKR MLAs, generally this is payable only if the GOR of the relevant LPKR Hospital grows by at least 5% compared to the preceding year at the rate of:

- (a) (in the case of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Mochtar Riady Comprehensive Cancer Centre) 0.75% of the GOR of the relevant year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%; or
- (b) (in the case of the other LPKR Hospitals) 0.75% of the increase in GOR for the relevant year compared to the preceding year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%.

### Historical Variable and Total Rent from LPKR MLAs



From 2017 to 2019, the existing variable rent structure has contributed not more than 4.2% to the total rent received for each year under the LPKR MLAs.

### Rental under the Restructured LPKR MLAs

Under the restructured LPKR MLAs, the rent that is applicable to the first year under the restructured LPKR MLAs (the “**Commencement Base Rent**”) was determined on a portfolio basis. The Commencement Base Rent was determined having taken into account factors such as the free cash flow and the rent over earnings before interest, taxes, depreciation, amortisation and rental ratio of the LPKR Hospitals, which C&W had observed to be in the range of 40% to 45% for other healthcare REITs in the Association of Southeast Asian Nations and North America regions such as Parkway Life REIT, Northwest Healthcare Properties, Medical Properties Trust and RHT Health Trust.

The rental amounts payable under the restructured LPKR MLAs shall be denominated in Indonesian Rupiah and shall be payable quarterly. The rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Rental for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) will be the pro-rated Indonesian Rupiah denominated Commencement Base Rents. There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. The increase in the rent payable is structured to be a minimum of 4.5% per annum calculated using the Commencement Base Rent.

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

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Commencement Base Rent  $\times (1 + S)$  = Second Lease Year Base Rent, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt,  $(1 + S)$  will equal 1.045.

For the third period of the lease under the restructured LPKR MLAs which will commence on 1 October 2022 to 30 September 2023, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Second Lease Year Base Rent  $\times (1 + S)$ , where "S" is the escalation amounting to 4.5%. For the avoidance of doubt,  $(1 + S)$  will equal 1.045.

For subsequent lease years under the restructured LPKR MLAs, the adopted annual rent shall be the higher of:

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

The aggregate rent for the final lease period ending on (and including) 31 December 2035, being the day immediately preceding the 15th anniversary of the commencement date of the restructured LPKR MLAs, will be "A" multiplied by "B", where:

A = the higher of the following:

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

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

**(c) Security Deposit**

Under the terms of the existing LPKR MLAs, the relevant master lessees are required to pay to and maintain with the relevant master lessors, for the duration of each year, a security deposit equivalent to six months of the monthly rent payable by the relevant master lessees in accordance with the terms of the respective existing LPKR MLAs for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). The full amount of the security deposits which the relevant master lessees are required to pay to and maintain with the relevant master lessors under the terms of the existing LPKR MLAs have been provided.

As for the security deposits payable under the restructured LPKR MLAs, the security deposit payable by the relevant master lessees to the relevant master lessors shall be, for each year in the term under the restructured LPKR MLAs, eight months of the total monthly rent payable for each such year, which shall be furnished by the relevant master lessee to the relevant master lessor:

- (a) in the case of the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive), on or before 1 January 2021; and
- (b) in the case of each subsequent year of the restructured LPKR MLAs, no later than the date falling 30 days before the commencement date of each relevant subsequent year.

The security deposits payable under both the existing LPKR MLAs and the restructured LPKR MLAs may be furnished in the form of cash payment or irrevocable bank guarantees (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, in the form of bank guarantees only). Under both the existing LPKR MLAs and the restructured LPKR MLAs, the relevant master lessees shall deliver to the relevant master lessors the relevant bank guarantees no later than 60 days before the commencement date of each year (or, in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Yogyakarta and Siloam Hospitals Buton, (a) for the relevant first lease period, on or before the commencement date of the relevant first lease period and (b) for each subsequent year, no later than the date falling 30 days before the commencement date of each relevant subsequent year in order to ensure that as at the date falling 30 days before the commencement date of each year, the relevant master lessors have in hand the relevant bank guarantees) and shall be issued by a commercial bank holding a full banking licence, which must be reasonably acceptable to the relevant master lessors. The current providers of the bank guarantees are PT Bank CIMB Niaga Tbk and PT. Bank BNP Paribas Indonesia, which are reputable banks.

Bank guarantees, by their nature, are enforceable and are provided in the standard form of the respective banks. Banks who do not honour guarantees are subject to litigation, loss of reputation and collapse in credit quality. It is unlikely that a bank will not honour its own guarantee. If the Manager is in any doubt in respect of a bank guarantee, the Manager for the purpose of properly discharging its duties is obliged to obtain the necessary professional advice, including legal opinion if necessary, as to whether there would be difficulties for First REIT in enforcing the bank guarantees, if called upon by First REIT.

The terms of reference of the audit and risk committee of the Manager (the “**Audit and Risk Committee**”) will include the following:

- (a) an assessment on when the bank guarantees would be enforced;

- (b) approval of any change in the financial institution issuing the bank guarantees in accordance with the terms of the restructured LPKR MLAs; and
- (c) where there is an adverse change to the credit rating of the financial institution issuing the bank guarantee, the Audit and Risk Committee will consider whether the bank guarantee issued by the financial institution remains in good order and, if not, whether further engagement with the relevant master lessee would be appropriate to ensure the enforceability and effectiveness of the bank guarantee.

Under the restructured LPKR MLAs, the security deposit payable shall be eight months (being two months more compared to the six months under the existing LPKR MLAs) of the total monthly rent payable for each year in the term under the restructured LPKR MLAs. In addition, the rental amounts payable under the restructured LPKR MLAs shall be payable quarterly and the rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Assuming that the rent is prepaid on the 30th day from the date of the relevant rental invoice, this implies that LPKR effectively prepays 10 months of rental in advance to First REIT, which contrasts well against other healthcare REITs.

Having taken into account the above, the Independent Directors are of the view that the security deposit payable of eight months of the total monthly rent payable for each year in the term under the restructured LPKR MLA is acceptable in the circumstances.

**(d) Default by the Master Lessees**

Under the existing LPKR MLAs, a master lessee will be in default under the relevant existing LPKR MLA if, during the relevant term:

- (i) the master lessee fails to pay the rent or any other sum payable under the relevant existing LPKR MLA within 10 business days after the relevant due date (whether or not formally demanded);
- (ii) the master lessee commits any material breach of its obligations under the relevant existing LPKR MLA and (where the breach is capable of remedy) fails to take the necessary action to make good the default within 30 days after the relevant master lessor has given to the master lessee notice to do so;
- (iii) any distress or execution is levied on the master lessee's property and is not discharged within 14 days; or
- (iv) an event of insolvency (as defined below) occur(s) in relation to the master lessee.

In any of the above events, the relevant master lessor may re-enter and take possession of the relevant LPKR Hospital (or any part thereof) at any time (even if any previous right of re-entry has been waived) and immediately on such re-entry, the relevant existing LPKR MLA will end. Further, in the case of each of Siloam Hospitals Buton and Siloam Hospitals Yogyakarta, the relevant master lessor and the relevant master lessee have agreed to comply with Article 1266 of the Indonesian Civil Code, to the extent that a court order is required for termination of the respective existing LPKR MLAs.

The phrase “**an event of insolvency**” in relation to the master lessee includes:

- (a) inability of the master lessee to pay its debts as and when they fall due;

- (b) presentation of a winding up petition (except for the purpose of amalgamation or reconstruction when solvent) for the winding up of the master lessee;
- (c) issuance of a notice of meeting of members or shareholders for the passing of a resolution for winding up (except for the purpose of amalgamation or reconstruction when solvent) of the master lessee;
- (d) presentation of a petition for the judicial management of the master lessee;
- (e) making of a proposal by the master lessee to its creditors for a composition in satisfaction of its debts or a scheme of arrangement of its affairs; and
- (f) the appointment of a receiver, receiver and manager, or provisional liquidator in respect of the master lessee or any of the property or assets of the master lessee.

In addition:

- (I) (in the case of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Lippo Village) a default by the master lessee and/or the master lessor under the applicable lease of any of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club shall be deemed to be a default by the master lessee and/or master lessor respectively under each of the leases of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club;
- (II) (in the case of Mochtar Riady Comprehensive Cancer Centre) a default by the master lessee and/or the master lessor under the lease of Siloam Hospitals Lippo Cikarang shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Mochtar Riady Comprehensive Cancer Centre;
- (III) (in the case of the Manado Property and Siloam Hospitals Makassar) a default by the master lessee and/or the master lessor under the lease of the Manado Property shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Siloam Hospitals Makassar and *vice versa*; and
- (IV) (in the case of Siloam Hospitals Bali and Siloam Hospitals TB Simatupang) a default by the master lessee and/or the master lessor under the lease of Siloam Hospitals Bali shall be deemed to be a default by the master lessee and/or master lessor respectively under the lease of Siloam Hospitals TB Simatupang and *vice versa*.

There will be no change to the above terms regarding default by the master lessees under the restructured LPKR MLAs.

**(e) Governing Law and Dispute Resolution**

The governing law of the restructured LPKR MLAs is Singapore law with arbitration administered by the Singapore International Arbitration Centre (“**SIAC**”) in accordance with the Arbitration Rules of the SIAC for the time-being in force.

**(f) Fulfilment of Obligations by Master Lessees**

Under the LPKR MLAs, the master lessors are wholly-owned subsidiaries of First REIT and the master lessees are LPKR or (in the case of Siloam Hospitals Labuan Bajo, Siloam Hospitals Buton and Siloam Hospitals Yogyakarta) LPKR and subsidiaries of Siloam.

LPKR is a property company listed on the Indonesia Stock Exchange, with a market capitalisation of Rp.17.58 trillion<sup>1</sup> (approximately S\$1.62 billion<sup>2</sup>) as at 15 December 2020, and Siloam is a separately listed company on the Indonesia Stock Exchange, with a market capitalisation of Rp.9.43 trillion<sup>3</sup> (approximately S\$870.68 million<sup>4</sup>) as at 15 December 2020.

Under the restructured LPKR MLAs, the security deposit payable shall be eight months (being two months more compared to the six months under the existing LPKR MLAs) of the total monthly rent payable for each year in the term under the restructured LPKR MLA.

In addition, the rental amounts payable under the restructured LPKR MLAs shall be payable quarterly and the rent in respect of each quarter shall be invoiced on the first day of such quarter and shall be paid within 30 days of the date of the relevant rental invoice. Assuming that the rent is prepaid on the 30th day from the date of the relevant rental invoice, this implies that LPKR effectively prepays 10 months of rental in advance to First REIT, which contrasts well against other healthcare REITs.

Based on the above and having taken into account the terms of the restructured LPKR MLAs, the Independent Directors are of the view that the LPKR MLA Restructuring will result in a more sustainable and stable long-term master lease structure, which will help the master lessees to fulfil their obligations to First REIT in a timely manner.

## THE MPU MLA RESTRUCTURING

### Key Terms of the MPU MLA Restructuring

The MPU MLA Restructuring will be effected by the entry into of supplemental MLAs between the relevant master lessors and MPU as master lessee, which will amend and restate the existing MPU MLAs based on the key terms which are set out below.

#### (a) Term of the Restructured LPKR MLAs

The following table sets out the MPU Hospitals, which are the subject of the MPU MLA Restructuring, their acquisition year, the expiry year of the initial term of the relevant MLAs as well as the master lessee of the MPU Hospitals. Any extension of the initial term of the MLAs require MPU's agreement.

No.	Property Name	Acquisition Year	MLA Expiry Year	Master Lessee
1.	Siloam Hospitals Purwarkata	2014	2029	MPU
2.	Siloam Sriwijaya	2014	2029	MPU
3.	Siloam Hospitals Kupang	2015	2030	MPU

Under the MPU MLA Restructuring, the term of the restructured MPU MLAs will take effect from 1 January 2021 and will be extended to (and including) 31 December 2035, subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and MPU as master lessee. The lease for the further term shall be on terms and conditions (including the rent payable for the further term) to be mutually agreed between the parties. The leases of all hospitals with redevelopment potential may be terminated at any time by mutual written consent of the parties.

<sup>1</sup> Source: Bloomberg L.P..

<sup>2</sup> Based on an illustrative exchange rate of S\$1 = Rp.10,830.

<sup>3</sup> Source: Bloomberg L.P..

<sup>4</sup> Based on an illustrative exchange rate of S\$1 = Rp.10,830.



**(b) Revised Rental Formula**

The current rental formula under each of the existing MPU MLAs provides for rental to be calculated based on the sum of a base rent component and a variable rent component.

*Base Rent under the Existing MPU MLAs*

Under the existing MPU MLAs, the amount of base rent payable is adjusted for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah so that First REIT is not exposed to movements in the exchange rate between Singapore Dollar and Indonesian Rupiah.

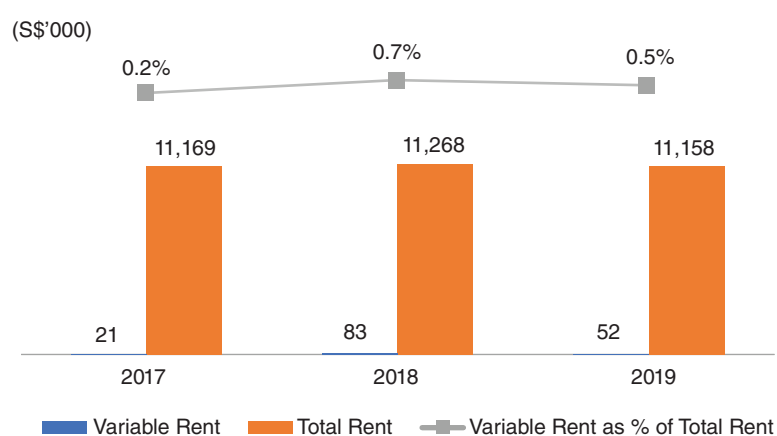
The base rent component is subject to increase based on the following formula:

No.	Property Name	Base Rent Escalation Formula under Existing MPU MLAs
1.	Siloam Hospitals Purwarkata	Increase on each anniversary date from (and including) the <u>third</u> anniversary date of the commencement date under the MLA, at a rate equal to twice the total percentage variation of the Consumer Price Index of Singapore calculated on a month-to-month basis aggregated for the preceding calendar year (as published by the Singapore Department of Statistics), subject to a floor of 0.0% and a cap of 2.0%.
2.	Siloam Sriwijaya	
3.	Siloam Hospitals Kupang	

*Variable Rent under the Existing MPU MLAs*

As for the variable rent under the existing MPU MLAs, generally this is payable only if the GOR of the relevant MPU Hospital grows by at least 5% compared to the preceding year at the rate of 0.75% of the increase in GOR for the relevant year compared to the preceding year, with the rate being increased to 1.25% where the GOR increase is at least 15% but less than 30% and the rate being increased to 2.00% where the GOR increase is at least 30%.

**Historical Variable and Total Rent from MPU MLAs**



From 2017 to 2019, the existing variable rent structure has contributed not more than 0.7% to the total rent received for each year under the MPU MLAs.

### *Rental under the Restructured MPU MLAs*

Under the restructured MPU MLAs, the Commencement Base Rent shall be computed on an asset-by-asset basis and was determined having taken into account factors including the performance of the MPU Hospitals and the Indonesian economic and operating environment and outlook for hospitals located in Indonesia.

The rental amounts payable under the restructured MPU MLAs shall be denominated in Indonesian Rupiah and shall be payable quarterly. Rental for the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive) will be the pro-rated Indonesian Rupiah denominated Commencement Base Rents. There will be no adjustments for movements in the exchange rate between Singapore Dollar and Indonesian Rupiah. The increase in the rent payable is structured to be a minimum of 4.5% per annum calculated using the Commencement Base Rent.

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

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Commencement Base Rent  $\times (1 + S)$  = Second Lease Year Base Rent, where "S" is the escalation amounting to 4.5%. For the avoidance of doubt,  $(1 + S)$  will equal 1.045.

For the third period of the lease under the restructured MPU MLAs, which will commence on 1 October 2022 to 30 September 2023, the adopted annual rent shall be the higher of:

- (i) 8.0% of the GOR for each respective hospital for the preceding financial year (from 1 January to 31 December); or
- (ii) the Second Lease Year Base Rent  $\times (1 + S)$ , where "S" is the escalation amounting to 4.5%. For the avoidance of doubt,  $(1 + S)$  will equal 1.045.

For subsequent lease years under the restructured MPU MLAs, the adopted annual rent shall be the higher of:

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

The aggregate rent for the final lease period ending on (and including) 31 December 2035, being the day immediately preceding the 15th anniversary of the commencement date of the restructured MPU MLAs will be "A" multiplied by "B", where:

A = the higher of the following:

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

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

**(c) Security Deposit**

Under the terms of the existing MPU MLAs, MPU is required to pay to and maintain with the relevant master lessors, for the duration of each year, a security deposit equivalent to six months of the monthly rent (comprising a base rent and (save for each of the first year, the second year and the third year) a variable rent) payable for each such year, which may be furnished in the form of cash payment or irrevocable bank guarantees.

As for the security deposits payable under the restructured MPU MLAs, the security deposit payable by MPU to the relevant master lessors shall be, for each year in the supplemental lease term, eight months of the total monthly rent payable for each such year, which shall be furnished by MPU to the relevant master lessors by way of cash payment, performance bond or an irrevocable bank guarantee in respect of each security deposit:

- (i) in the case of the first lease period from 1 January 2021 to 30 September 2021 (both dates inclusive), on or before 1 January 2021; and
- (ii) in the case of each subsequent year of the restructured MPU MLAs, no later than the date falling 30 days before the commencement date of each relevant subsequent year.

Where the security deposit provided by MPU to the relevant master lessor is provided in the form of an irrevocable bank guarantee, such bank guarantee shall be issued by a commercial bank holding a full banking licence which must be reasonably acceptable to the relevant master lessor.

Where the security deposit provided by MPU to the relevant master lessor is provided in the form of a performance bond, such performance bond shall:

- (a) be in the form set out in the MPU MOU;
- (b) be subject to the approval of First REIT and its lenders; and
- (c) be provided by reputable licensed and regulated insurance companies that:
  - (i) are investment-graded (i.e. BBB-/Baa3 rating or better), as rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings Inc.;
  - (ii) have ultimate holding companies which are investment-graded (i.e. BBB-/Baa3 or better), as rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings Inc., in the event that the insurance companies themselves are not rated; and/or
  - (iii) are subsidiaries of investment-graded banks (i.e. BBB-/Baa3 or better), as rated by S&P Global Ratings, Moody's Investors Service and Fitch Ratings Inc., and where such banks own more than 50.0% interest in each relevant insurance company.

**(d) Governing Law and Dispute Resolution**

The governing law of the restructured MPU MLAs is Singapore law with arbitration administered by the SIAC in accordance with the Arbitration Rules of the SIAC for the time-being in force.

## VALUATION IMPACT

The Trustee had appointed C&W<sup>1</sup> and the Manager had appointed Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank as independent valuers to assess the impact of the MPU MLA Restructuring and the LPKR MLA Restructuring on the valuations of the MPU Hospitals and the LPKR Hospitals which have taken into consideration the terms arising from (a) the LPKR MOU; (b) the MPU MOU; and (c) existing occupational arrangements of the Properties. A summary of the valuation impact is presented in the following table, with a detailed asset-by-asset breakdown thereafter.

### Summary of Valuation Impact

Description	Valuations as at 31 December 2019		Valuations based on MPU MLA Restructuring Terms <sup>2</sup>		Valuations based on MPU MLA Restructuring Terms and LPKR MLA Restructuring Terms as at 31 December 2020 <sup>2</sup>	
	S\$'000	% <sup>3</sup>	S\$'000	% <sup>3</sup>	S\$'000	% <sup>3</sup>
LPKR Hospitals affected by the LPKR MLA Restructuring <sup>4</sup>	994,023	74.1%	994,023	77.3%	659,815	70.2%
Properties integrated with the LPKR Hospitals (being Hotel Aryaduta Manado)	40,135 <sup>5</sup>	3.0%	40,135 <sup>4</sup>	3.1%	37,200	4.0%
MPU Hospitals affected by the MPU MLA Restructuring <sup>6</sup>	124,100	9.3%	68,450	5.3%	69,056	7.3%
Other Indonesian properties of First REIT not affected by the MPU MLA Restructuring and the LPKR MLA Restructuring <sup>7</sup>	139,942	10.4%	139,942	10.9%	135,700	14.4%
Singapore and South Korea properties of First REIT not affected by the MPU MLA Restructuring and the LPKR MLA Restructuring <sup>8</sup>	42,580	3.2%	42,580	3.3%	37,899	4.0%
<b>Total</b>	<b>1,340,780</b>	<b>100.0%</b>	<b>1,285,130</b>	<b>100.0%</b>	<b>939,670</b>	<b>100.0%</b>

<sup>1</sup> C&W was appointed to value Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo in FY2018 and FY2019. Therefore, C&W has been appointed to value Siloam Hospitals Kupang & Lippo Plaza Kupang and Siloam Hospitals Labuan Bajo for a third consecutive financial year.

<sup>2</sup> The adopted value(s) for the LPKR Hospitals affected by the LPKR MLA Restructuring, Properties integrated with the LPKR Hospitals and the MPU Hospitals affected by the MPU MLA Restructuring is the higher of the valuation by C&W and the valuation by Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank on a portfolio basis as at 2 November 2020. These values have been converted to Singapore Dollars, based on the exchange rate of S\$1 = Rp.10,638.80 as at 31 December 2020. The higher of these valuations were subsequently adopted in the annual valuation exercise as at 31 December 2020 and announced in the announcement on 14 January 2021 titled "Annual Valuation of Properties".

<sup>3</sup> This refers to percentage of the total portfolio value.

<sup>4</sup> Includes Siloam Hospitals Yogyakarta, Siloam Hospitals Buton (excluding Lippo Plaza Buton), Siloam Hospitals Labuan Bajo, Siloam Hospitals Bali, Siloam Hospitals Tb Simatupang, Siloam Hospitals Manado (excluding Hotel Aryaduta Manado), Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Surabaya.

<sup>5</sup> The values of Siloam Hospitals Manado & Hotel Aryaduta Manado as at 31 December 2019 are illustrated here by apportioning the value of the Manado Property which comprises Siloam Hospitals Manado & Hotel Aryaduta Manado based on their respective gross floor areas.

<sup>6</sup> Includes Siloam Hospitals Kupang (excluding Lippo Plaza Kupang), Siloam Sriwijaya and Siloam Hospitals Purwakarta.

<sup>7</sup> Includes Lippo Plaza Kupang (excluding Siloam Hospitals Kupang), Lippo Plaza Buton (excluding Siloam Hospitals Buton), Siloam Hospitals Lippo Cikarang and Imperial Aryaduta Hotel & Country Club.

<sup>8</sup> Includes Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang, The Lantor Residence and Sarang Hospital.

### Asset-by-Asset Breakdown

No.	Name	Market Value based on MPU MLA Restructuring Terms and LPKR MLA Restructuring Terms <sup>1</sup>		
		C&W (S\$'000)	Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank (S\$'000)	Adopted Value as at 31 December 2020 <sup>2</sup> (S\$'000)
<b>(A) LPKR Hospitals affected by the LPKR MLA Restructuring</b>				
1	Siloam Hospitals Yogyakarta	20,074	19,523	20,074
2	Siloam Hospitals Buton (excluding Lippo Plaza Buton)	12,409	12,397	12,409
3	Siloam Hospitals Labuan Bajo	11,178	11,460	11,178
4	Siloam Hospitals Bali	63,006	62,356	63,006
5	Siloam Hospitals TB Simatupang	41,931	40,720	41,931
6	Siloam Hospitals Manado (excluding Hotel Aryaduta Manado)	40,260	40,278	40,260
7	Siloam Hospitals Makassar	66,025	67,045	66,025
8	Mochtar Riady Comprehensive Cancer Centre	126,860	123,061	126,860
9	Siloam Hospitals Lippo Village	164,008	164,301	164,008
10	Siloam Hospitals Kebon Jeruk	73,800	69,416	73,800
11	Siloam Hospitals Surabaya	40,266	40,965	40,266
<b>LPKR Hospitals Subtotal (A)</b>		<b>659,815</b>	<b>651,522</b>	<b>659,815</b>
<b>(B) Properties integrated with the LPKR Hospitals</b>				
6a	Hotel Aryaduta Manado <sup>3</sup>	37,200	35,678	37,200
<b>Hotel Aryaduta Manado Subtotal (B)</b>		<b>37,200</b>	<b>35,678</b>	<b>37,200</b>
<b>(C) MPU Hospitals affected by the MPU MLA Restructuring</b>				
12	Siloam Hospitals Kupang (excluding Lippo Plaza Kupang)	21,459	21,488	21,459
13	Siloam Sriwijaya	24,687	23,134	24,687
14	Siloam Hospitals Purwakarta	22,910	24,033	22,910
<b>MPU Hospitals Subtotal (C)</b>		<b>69,056</b>	<b>68,655</b>	<b>69,056</b>
<b>LPKR Hospitals, MPU Hospitals and Hotel Aryaduta Manado Subtotal (A) + (B) + (C)</b>		<b>766,071</b>	<b>755,855</b>	<b>766,071</b>

<sup>1</sup> Valuations of the LPKR Hospitals affected by the LPKR MLA Restructuring, Properties integrated with the LPKR Hospitals and the MPU Hospitals have taken into consideration the terms arising from (a) the LPKR MOU; (b) the MPU MOU; and (c) existing occupational arrangements of the Properties.

<sup>2</sup> The adopted value(s) for the LPKR Hospitals affected by the LPKR MLA Restructuring, Properties integrated with the LPKR Hospitals and the MPU Hospitals affected by the MPU MLA Restructuring is the higher of the valuation by C&W and the valuation by Kantor Jasa Penilai Publik Willson dan Rekan in association with Knight Frank on a portfolio basis as at 2 November 2020. These values have been converted to Singapore Dollars, based on the exchange rate of S\$1 = Rp.10,638.80 as at 31 December 2020. The higher of these valuations were subsequently adopted in the annual valuation exercise as at 31 December 2020 and announced in the announcement on 14 January 2021 titled "Annual Valuation of Properties".

<sup>3</sup> The Independent Valuers have valued Hotel Aryaduta Manado in accordance with the terms set out in the supplemental MLA in respect of Hotel Aryaduta Manado.

<b>(D) Other Indonesian properties of First REIT not affected by the MPU MLA Restructuring and the LPKR MLA Restructuring<sup>1</sup></b>		
<b>No.</b>	<b>Name</b>	<b>Valuation as at 31 December 2020 (S\$'000)</b>
15	Siloam Hospitals Lippo Cikarang	49,800
16	Imperial Aryaduta Hotel & Country Club	41,400
2a	Lippo Plaza Buton	12,500
12a	Lippo Plaza Kupang	32,000
<b>Other Properties Subtotal (D)</b>		<b>135,700</b>
<b>Indonesia Portfolio Grand Total (A) + (B) + (C) + (D)</b>		<b>901,771</b>
<b>(E) Singapore and South Korea properties of First REIT not affected by the MPU MLA Restructuring and the LPKR MLA Restructuring<sup>1</sup></b>		
<b>No.</b>	<b>Name</b>	<b>Valuation as at 31 December 2020 (S\$'000)</b>
17	Pacific Healthcare Nursing Home @ Bukit Merah	9,100
18	Pacific Healthcare Nursing Home II @ Bukit Panjang	9,400
19	The Lentor Residence	15,300
20	Sarang Hospital <sup>2</sup>	4,099
<b>Singapore and South Korea Properties Subtotal (E)</b>		<b>37,899</b>
<b>First REIT Portfolio Grand Total<sup>(iii)</sup> (A) + (B) + (C) + (D) + (E)</b>		<b>939,670</b>
Note: Minor difference in values may exist due to rounding.		

<sup>1</sup> The valuations of the other properties of First REIT not affected by the LPKR MLA Restructuring and the MPU MLA Restructuring are premised on the annual valuation exercise as at 31 December 2020 and announced on 14 January 2021.

<sup>2</sup> The valuation for Sarang Hospital as valued by Colliers is US\$4.6 million, as at 31 December 2020. Based on potential upcoming capital expenditure costs, the Manager has taken a prudent view to mark down the valuation of Sarang Hospital to US\$3.1 million. The valuation in Singapore Dollars reflected in the above table is hence based on the value of US\$3.1 million at the exchange rate of US\$1 = S\$1.3221 as at 31 December 2020.

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In relation to this Offer Information Statement

Dated \_\_\_\_\_ 2021

**Directors of First REIT Management Limited  
(as manager of First Real Estate Investment Trust)**

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Mr Christopher James Williams  
Chairman and Non-Independent Non-  
Executive Director

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Mr Chan Pengee Adrian  
Lead Independent Director

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Mr Tan Chuan Lye  
Independent Director

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Mr Martin Lechner  
Independent Director

---

Mr Ferris Charles Bye  
Independent Director

---

Ms Minny Riady  
Non-Independent Non-Executive Director

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Mr Tan Kok Mian Victor  
Executive Director and Chief Executive Officer

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