

# PROPOSED RESTRUCTURING, RECAPITALISATION AND REPOSITIONING OF FIRST REIT

28 DECEMBER 2020

The background features a stylized illustration of two modern skyscrapers with a grid of windows. In the foreground, there are several trees with green and orange foliage, suggesting an urban park or landscaped area. The overall style is clean and modern.

**ANCHORING VALUE**  
FOR SUSTAINABLE GROWTH

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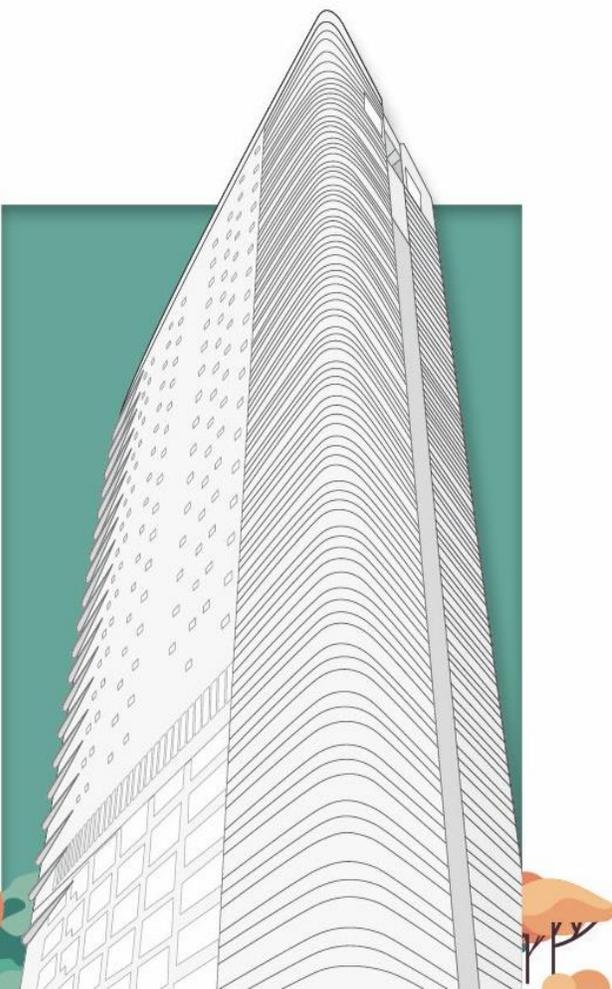
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These materials contain a summary only and do not purport to contain all of the information that may be required to evaluate any potential transaction mentioned in this presentation, including the restructuring of the master lease agreements for all of the hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk being interested person transactions, which may or may not proceed. This presentation is for information purposes only and does not constitute or form part of an offer, solicitation, recommendation or invitation for the sale or purchase of any securities of First REIT in Singapore or any other jurisdiction. No part of it nor the fact of its presentation shall form the basis of or be relied upon in connection with any investment decision, contract or commitment whatsoever.

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For terms not defined herein, please refer to the circular dated 28 December 2020 (the "Circular").



# What are the Proposed Transactions?

## Proposed Restructuring of the LPKR MLAs and the Rights Issue

A

### Restructuring of Master Lease Agreements

#### Proposed Restructuring of the LPKR MLAs

- Proposed restructuring of the master lease agreements (“**MLAs**”) for all of the hospitals which First REIT had leased to either PT. Lippo Karawaci Tbk (“**LPKR**”) or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk (“**Siloam**”) (the “**LPKR Hospitals**” and the MLAs for all of the LPKR Hospitals, the “**LPKR MLAs**”, and the proposed restructuring of the LPKR MLAs, “**Proposed LPKR MLA Restructuring**”)



*The viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring*

B

### Recapitalisation of First REIT

#### S\$158.2 Million Rights Issue

- The Manager intends to undertake a rights issue to issue approximately 791,063,000 Units (the “**Rights Units**”) (which is equivalent to approximately 98% of the 807,206,351 Units in issue as at 23 December 2020, being the latest practicable date prior to the date of this Presentation (the “**Latest Practicable Date**”) to raise gross proceeds of approximately S\$158.2 million on a renounceable basis to Eligible Unitholders and on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, at an indicative issue price of S\$0.20 per Rights Unit (the “**Issue Price**”), fractional entitlements to be disregarded (the “**Rights Issue**”)



*The Rights Issue is required to repay the S\$140 million 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*

# Background and Context of the Proposed Transactions

## LPKR's Financial Position

*The Manager understands that without the Proposed LPKR MLA Restructuring, there is a real risk and high probability that LPKR would default under the existing LPKR MLAs*

### Rating Agency Outlook (LPKR) in September 2020

Rating Agency	Rating	Outlook
S&P Global Ratings ("S&P")	B-	Negative
Moody's Investors Service ("Moody's")	B3	Stable
Fitch Ratings Singapore Pte. Ltd. ("Fitch")	B-	Negative

### Potential Consequences of a LPKR Default under the LPKR MLAs

-  An immediate loss of approximately 72.1%<sup>(1)</sup> of First REIT's rental income;
-  Breaches in First REIT's debt covenants;
-  Impairs First REIT's ability to execute any refinancing and meet its repayment obligations;
-  Lengthy, costly and cumbersome legal disputes;
-  Continued Incurring of operating expenses and potential future capital expenditure; and
-  Trigger a difficult, uncertain and lengthy leasing exercise

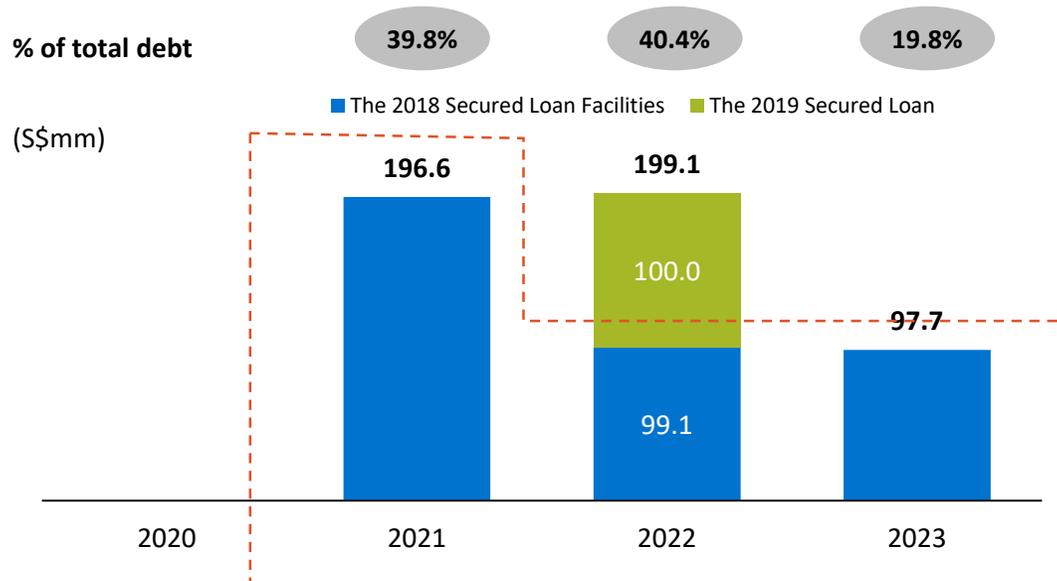
(1) With reference to First REIT's rental income currently attributable to the LPKR Hospitals as a proportion to the total rental and other income of First REIT for FY2019.

# Background and Context of the Proposed Transactions (Cont'd)

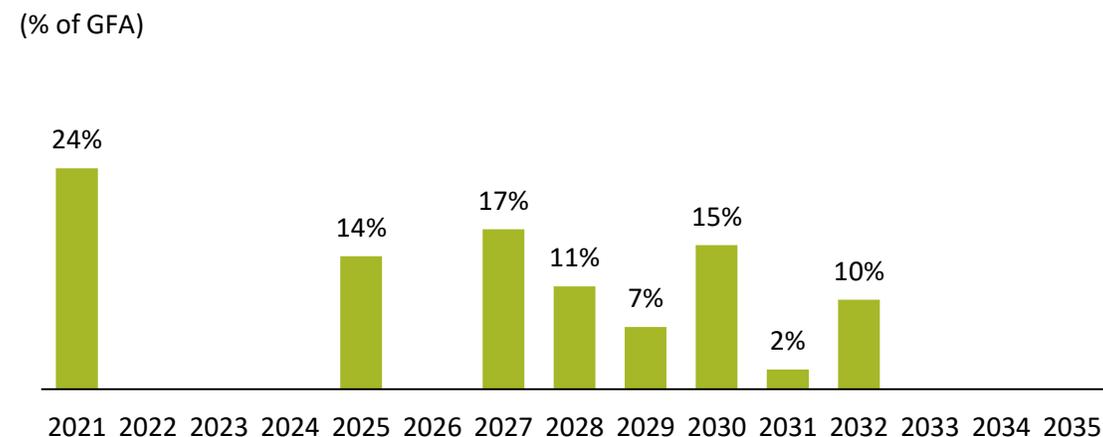
## First REIT's Impending Debt Maturity and Lease Expiry

- **First REIT's Debt Maturity**
  - 80.2% (or approximately S\$395.7 million) of First REIT's debt is coming due within the next 18 months with 39.8% (or approximately S\$196.6 million) coming due on 1 March 2021
- **Impending Expiry of IPO MLAs**
  - The initial term of the master lease agreements in respect of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Lippo Village will expire in December 2021
- **Conditions to Re-Financing**
  - First REIT's lenders have 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 Proposed LPKR MLA Restructuring
  - The Trustee has signed the Refinancing Facility in order to meet its repayment obligation on 1 March 2021. 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
  - However, the viability of the Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT's assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT's valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT
  - Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Rights Issue

### Debt Maturity Profile



### Current Lease Expiry Profile (by GFA)



# Why is FIRST REIT undertaking the Proposed Transactions?

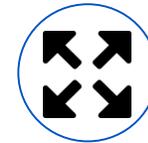
*Restructuring, Recapitalising and Repositioning First REIT for the Future*

## Rationale for the Proposed LPKR MLA Restructuring

- 1 Avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs and resulting termination of the existing LPKR MLAs
- 2 Avoids the time, costs and complications of enforcing legal rights in Indonesia
- 3 Provides clarity on asset valuations and cash flows
- 4 Facilitates debt financing and refinancing and avoids an imminent default of repayment due on 1 March 2021
- 5 Takes into account the changed economic environment in Indonesia due to the Covid-19 pandemic
- 6 Provides for sustainable and stable long-term master lease structure with regular fixed increments and potential additional upside
- 7 Renews all of the LPKR MLAs to December 2035 and together with the restructuring of the MLAs entered into with PT. Metropolis Propertindo Utama in respect of Siloam Sriwijaya, Siloam Hospitals Purwakarta and Siloam Hospitals Kupang (the "MPU MLA Restructuring"), increases First REIT's weighted average lease expiry by approximately 5.2 years<sup>(1)</sup>
- 8 Preserves long-term value for Unitholders



Sustainable path for First REIT and avoids the adverse consequences of a default by LPKR under the existing LPKR MLAs



Extends First REIT's weighted average lease expiry by approximately 5.2 years from 7.4 years<sup>(1)</sup> to 12.6 years<sup>(2)</sup> to reposition First REIT for future growth



Avoids an imminent default of repayment obligation due on 1 March 2021 and facilitates having in place a sustainable capital structure



Preserves long-term value for the unitholders of First REIT

<sup>(1)</sup> Weighted by GFA as at 31 December 2019.

<sup>(2)</sup> Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.



# What are the Terms of the Proposed LPKR MLA Restructuring?

## Overview of Key Terms

S\$mm unless otherwise stated

		Current (FY2019)	Proposed
LPKR Hospitals and MPU Hospitals	Base Rent	S\$80.9 <sup>(1)</sup> (LPKR Hospitals) S\$11.3 (MPU Hospitals)	S\$50.9 (LPKR Hospitals) (IDR550.7bn) <sup>(3)</sup> S\$5.8 (MPU Hospitals) (IDR62.4bn) <sup>(3)</sup>
	Base Rent Escalation	2x of Singapore's consumer price index increase for the preceding calendar year (capped at 2%)	4.5% annually
	Variable / Performance Based Rent	S\$2.9 (LPKR) S\$0.1 (MPU)	8.0% of preceding financial year Hospital gross operating revenue
	Total Rent Payable	Base + Variable	Higher of Base or Performance Based Rent (asset by asset basis)
	Tenure	15 years + 15 years with mutual agreement /at the option of lessees	15 years + 15 years with mutual agreement
	Currency	SGD	IDR
	Security Deposits	6 months	8 months
Other Assets <sup>(2)</sup>	Base Rent	S\$20.5	Unchanged
	Variable Rent	S\$0.5	Unchanged

Note: Assume IDR / SGD = 10,830

(1) Currently, Siloam Hospitals Manado and Hotel Aryaduta Manado are leased as a whole. The terms of the lease for the Manado Property are contained within one MLA dated 21 September 2012 and there is no separate MLA for Hotel Aryaduta Manado. The master lessee of Hotel Aryaduta Manado will pay a commencement base rent of S\$3.307 million as at 1 January 2021 based on the terms of the supplemental MLA in respect of Hotel Aryaduta Manado. The existing base rent of Siloam Hospitals Manado is a derived number, by subtracting S\$3.307 million from the total rent of the Manado Property for FY2019.

(2) Refers to Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado, Lippo Plaza Kupang, Lippo Plaza Buton, Imperial Aryaduta Hotel & Country Club, Pacific Healthcare Nursing Home @Bukit Merah, Pacific Healthcare Nursing Home II @Bukit Panjang, The Lentor Residence, and Sarang Hospital.

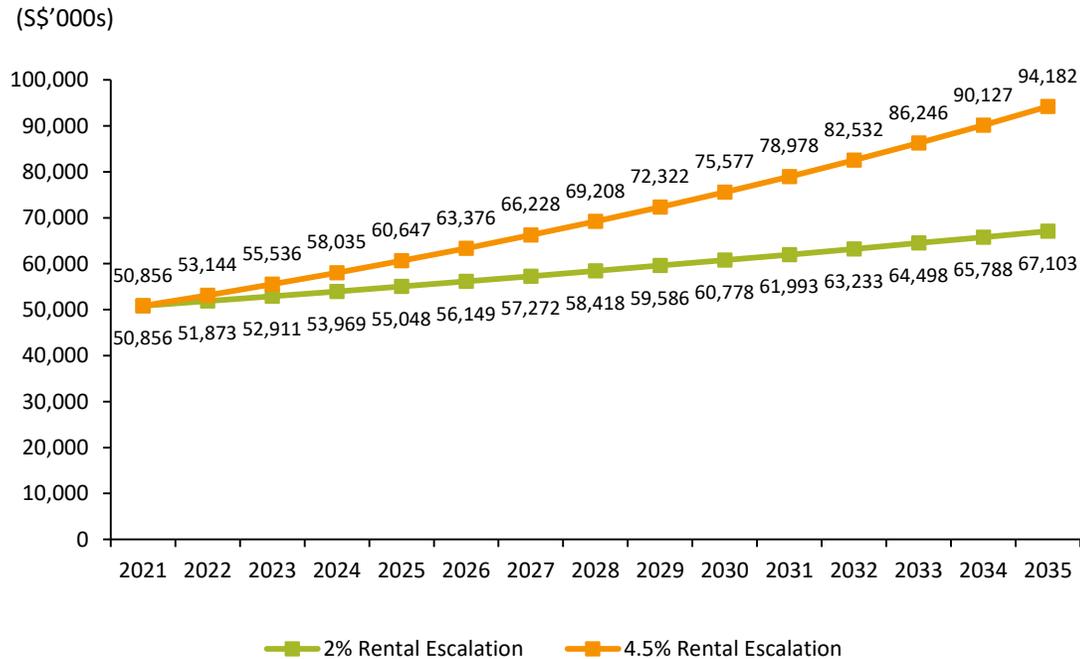
(3) On 1 January 2021, the Singapore Dollar denominated rents for each hospital will be converted to Indonesian Rupiah at an exchange rate of S\$1.00 to Rp.10,830.

# What are the Terms of the Proposed LPKR MLA Restructuring? (Cont'd)

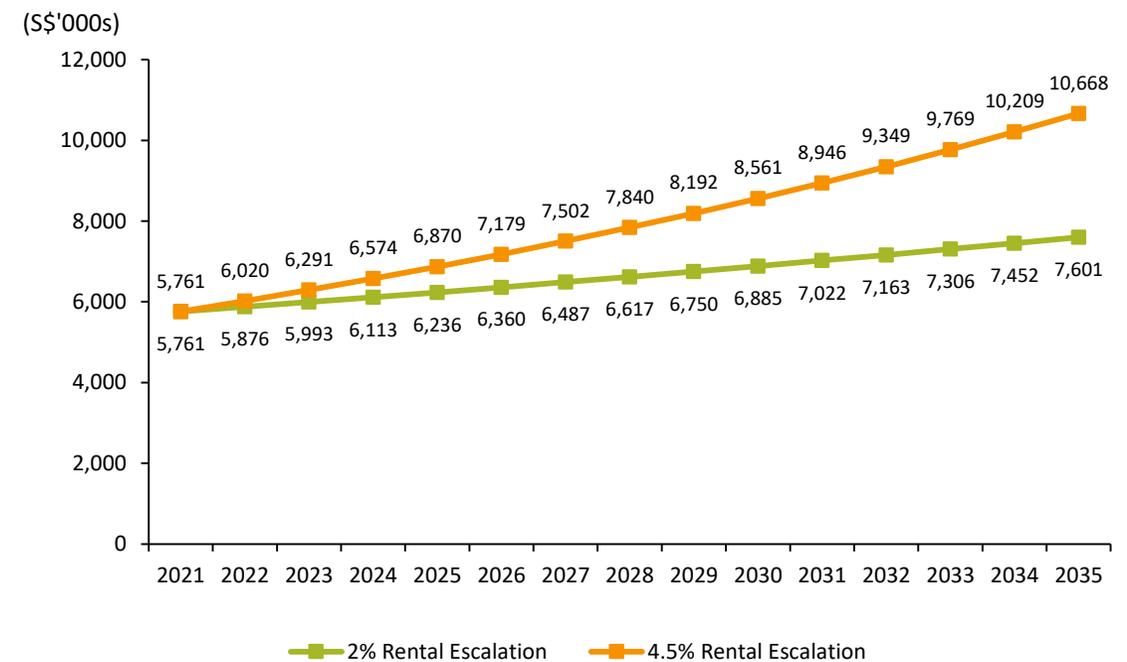
## Illustrative Base Rent Over Time

- **Higher Fixed Escalation Rate:** 4.5% per annum as compared to the current step-up mechanism which is two times the Singapore consumer price index subject to a cap of 2.0%
- **Buffer Against Depreciation:** Approximately 2.45% in 2022 and 40.35% in 2035 when compared against the growth in the base rent of First REIT under the LPKR MLAs using the existing base rent formula assuming maximum growth at 2.0% per annum

### Base Rental for LPKR Hospitals Over Time



### Base Rental for MPU Hospitals Over Time



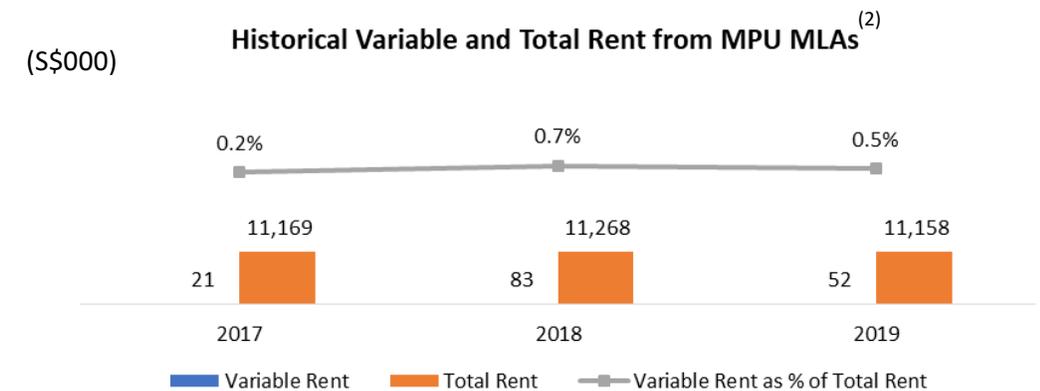
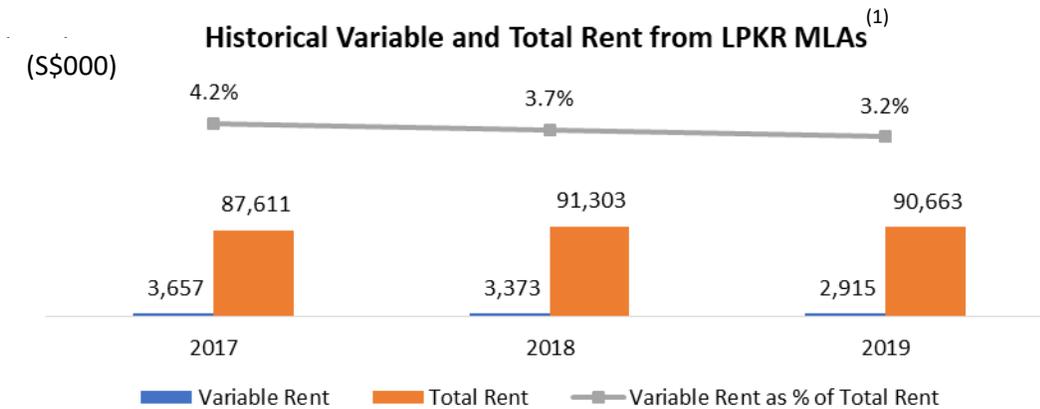
**Note:** Presented based on a fixed Singapore Dollar to Indonesian Rupiah exchange rate of S\$1.00 to Rp.10,830 for illustrative purposes only

# What are the Terms of the Proposed LPKR MLA Restructuring? (Cont'd)

## Revised Performance Based Rent Structure

• **Enhanced Upside Sharing:** Revised performance based rent structure replaces the existing variable rent structure, which has contributed not more than 4.2% and 0.7% to the total rent received for each year over the past three years under the existing LPKR MLAs and MPU MLAs respectively, and provides improved upside sharing for First REIT

Assets	Current Variable Rent Structure	Revised Performance Based Rent Structure
<p><b>4 LPKR Hospital Assets</b> (Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Surabaya)</p>	<ul style="list-style-type: none"> <li>Generally, where the audited Gross Operating Revenue ("GOR") for the preceding financial year exceeds the audited GOR for the further preceding financial year by                             <ul style="list-style-type: none"> <li>5% or less, no variable rent shall be payable</li> <li>More than 5% but less than 15%, variable rent payable shall be equivalent to 0.75% of the audited GOR in the preceding financial year;</li> <li>15% or more but less than 30%, variable rent payable shall be equivalent to 1.25% of the audited GOR in the preceding financial year;</li> <li>30% or more, variable rent payable shall be equivalent to 2.00% of the audited GOR in the preceding financial year</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>8.0%</b> of the GOR for the preceding financial year</li> </ul>
<p><b>Remaining 10 LPKR and MPU Hospital Assets</b></p>	<ul style="list-style-type: none"> <li>Generally, where the audited GOR for the preceding financial year exceeds the audited GOR for the further preceding financial year by                             <ul style="list-style-type: none"> <li>Less than 5%, no variable rent shall be payable</li> <li>5% or more but less than 15%, variable rent payable shall be equivalent to 0.75% of the excess amount;</li> <li>15% or more but less than 30%, variable rent payable shall be equivalent to 1.25% of the excess amount;</li> <li>30% or more, variable rent payable shall be equivalent to 2.00% of the excess amount</li> </ul> </li> </ul>	



<sup>(1)</sup> Represents LPKR Hospitals and Aryaduta Manado.  
<sup>(2)</sup> Represents MPU Hospitals.

# What are the Terms of the Proposed LPKR MLA Restructuring? (Cont'd)

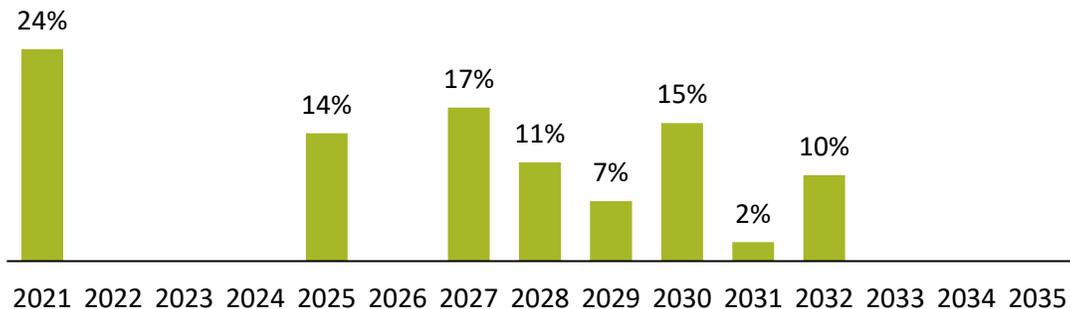
## Increased WALE Post Completion of the Proposed LPKR and MPU MLA Restructuring

- **Extended Weighted Average Lease Expiry (“WALE”):** WALE for First REIT will be extended from 7.4 years as at 31 December 2019 to 12.6 years<sup>(1)</sup>, which provides a more certain and stable lease profile to reposition First REIT for future growth

WALE<sup>(1)</sup> = 7.4 years

### Current Lease Expiry Profile (by GFA)

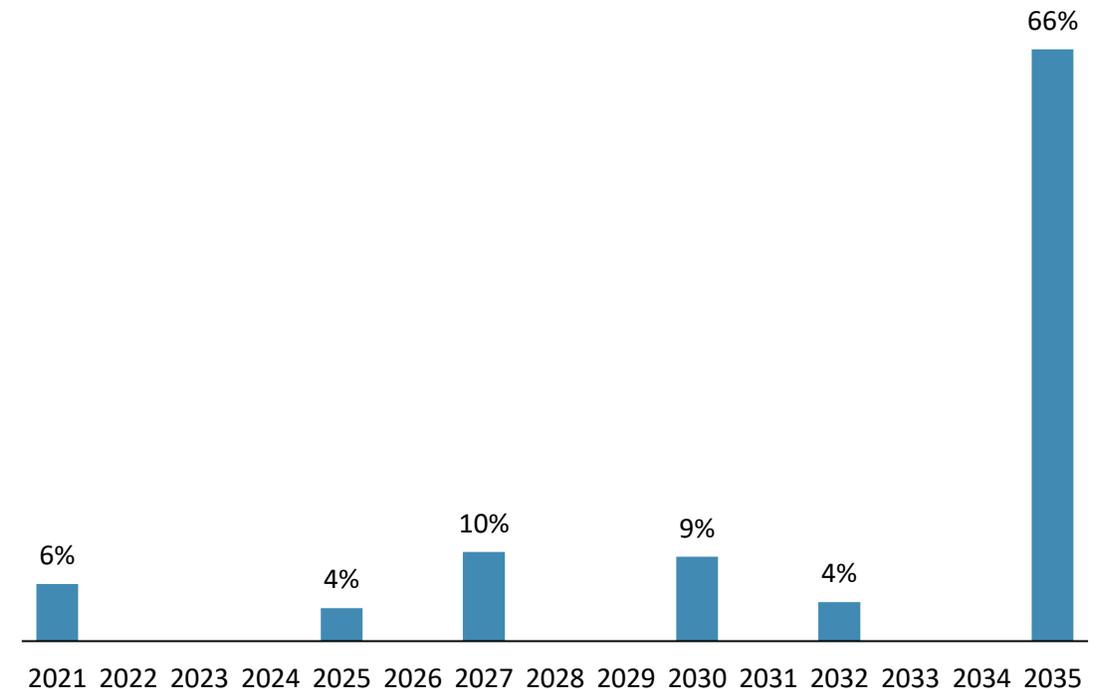
(% of GFA)



WALE<sup>(1)</sup> = 12.6 years<sup>(2)</sup>

### New Lease Expiry Profile<sup>(2)</sup> (by GFA)

(% of GFA)



Note: Assume IDR / SGD = 10,830

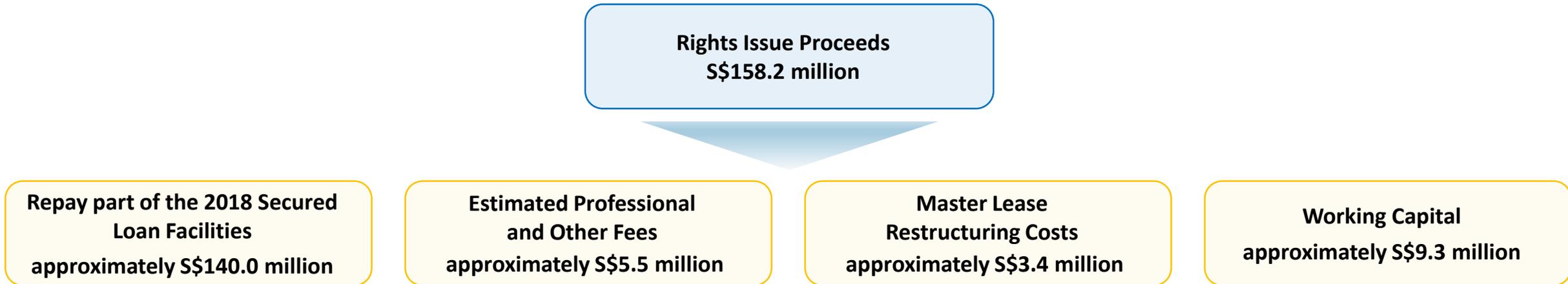
(1) Weighted by GFA as at 31 December 2019.

(2) Assumes both the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring are completed.

# What is the Use of Proceeds from the Proposed Rights Issue?

*Repayment of 2018 Secured Loan Facilities and Meeting First REIT Debt Obligations Due on 1 Mar 2021*

- The Rights Issue is expected to raise gross proceeds of approximately S\$158.2 million, based on an indicative Issue Price of S\$0.20 per Rights Unit. The gross proceeds raised from the Rights Issue are intended to be used in the following manner:
  - To repay part of the 2018 Secured Loan Facilities (syndicated loan facilities of up to S\$400 million, out of which S\$196.6 million is due on 1 March 2021);
  - The estimated professional and other fees to be incurred by First REIT in connection with the Rights Issue;
  - Master lease restructuring costs; and
  - Working capital of First REIT



*In support of First REIT and the Rights Issue, FRML and OUE Lippo Healthcare Limited (“OUELH”) have provided irrevocable undertakings that, among others, FRML will, and OUELH will procure OLH Healthcare Investments Pte. Ltd. (“OHI”) to, accept, subscribe and pay in full for its respective total provisional allotments of the Rights Units. In addition, OUE Limited (“OUE”) has provided an irrevocable undertaking that, among others, OUE will either (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) 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*

# Pro Forma Financial Effects of the Proposed Transactions

## Summary Valuation Impact (FY19)

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue presented below are strictly for illustrative purposes only and are prepared based on the audited consolidated financial statements of First REIT and its subsidiaries for FY2019 ("FY2019 Audited Consolidated Financial Statements")

	FY2019 <sup>(1)</sup>	FY2019 <sup>(1)</sup>		
		After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
<i>(\$mm unless otherwise noted)</i>				
Rental and other income / % Change	115.3	83.0 (28%)	77.6 (33%)	77.6 (33%)
Net property and other income / % Change	112.9	80.6 (29%)	75.1 (33%)	75.1 (33%)
NAV per Unit (cents)	99.6	57.8	51.8	36.0
Leverage ratio (%)	34.5%	45.4%	47.9%	33.9%
DPU Yield (%) based on the closing price on the Latest Practicable Date (\$0.41)	–	12.1% <sup>(2)</sup>	10.8% <sup>(3)</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 (\$0.885)	9.7% <sup>(4)</sup>	5.6% <sup>(5)</sup>	5.0% <sup>(6)</sup>	–
DPU Yield (%) based on indicative Issue Price <sup>(7)</sup>	–	–	–	13.0
DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being \$0.41 per Unit) (\$0.31) <sup>(8)</sup>	–	–	–	8.5

Note: Assume IDR / SGD = 10,830

(1) Based on the FY2019 Audited Consolidated Financial Statements.

(2) Based on the closing price on the Latest Practicable Date of \$0.41 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 13.2%.

(3) Based on the closing price on the Latest Practicable Date of \$0.41 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 11.9%.

(4) 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 \$0.885 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 \$0.885 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 6.1%.

(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 \$0.885 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 5.5%.

(7) Based on the indicative Issue Price of \$0.20 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 14.1%.

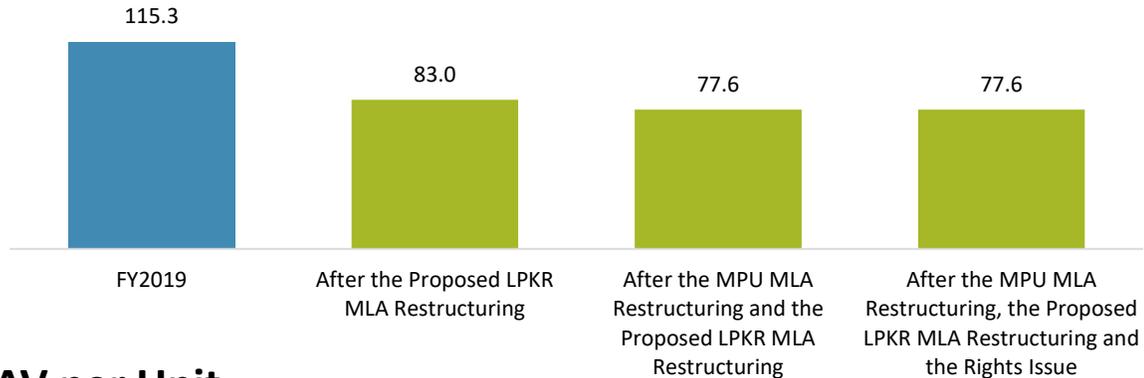
(8) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being \$0.41 per Unit) of \$0.31 per Unit. Excluding the one-off master lease restructuring costs of \$53.4 million, the DPU yield will be 9.2%.

# Pro Forma Financial Effects of the Proposed Transactions (Cont'd)

## Illustrative Financial Impact (FY19)

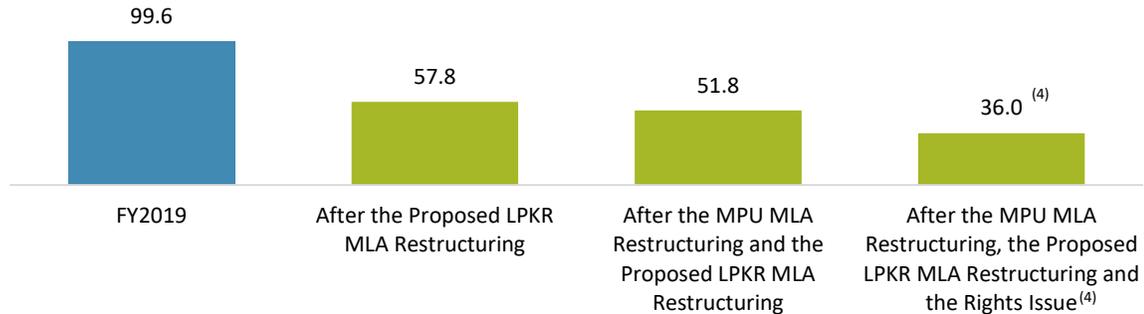
### Rental and Other Income

(\$mm)



### NAV per Unit

(cents)



Note: Assume IDR / SGD = 10,830

(1) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 5.40 cents

(2) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 4.86 cents

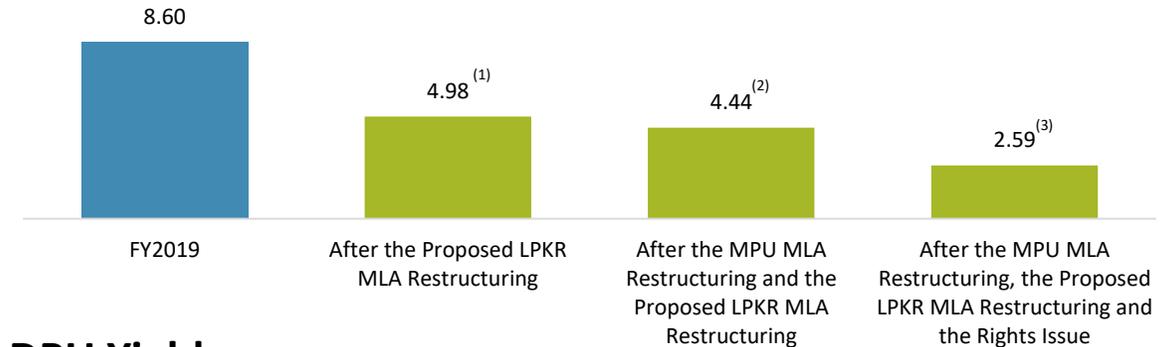
(3) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 2.81 cents.

(4) Taking into account the issue of 791,063,000 Rights Units.

(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.

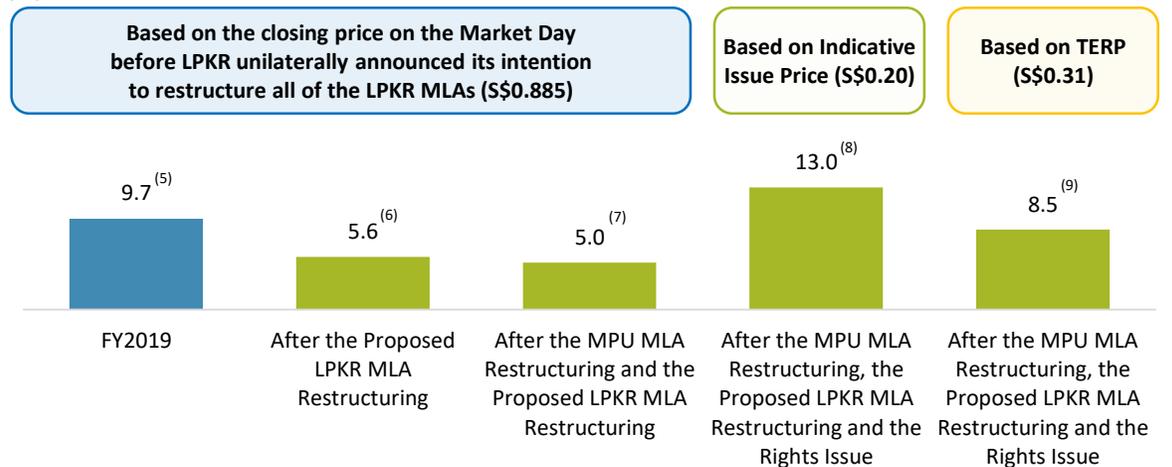
### DPU

(Cents)



### DPU Yield

(%)



(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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 6.1%.

(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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 5.5%.

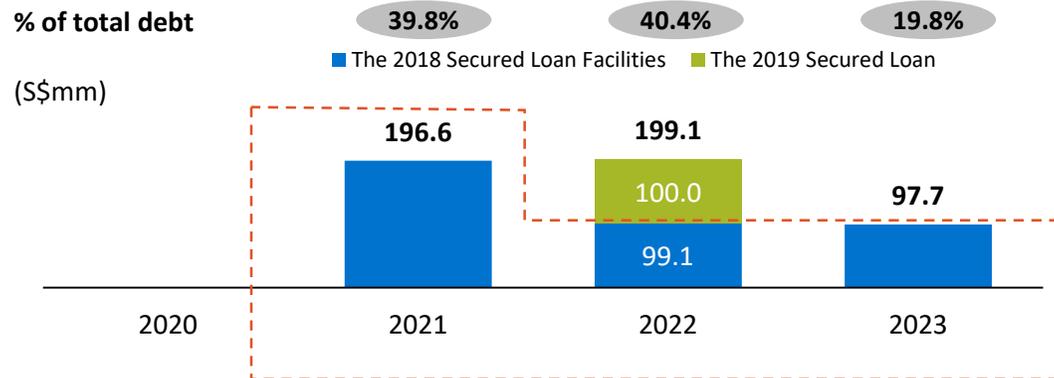
(8) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 14.1%.

(9) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 9.2%.

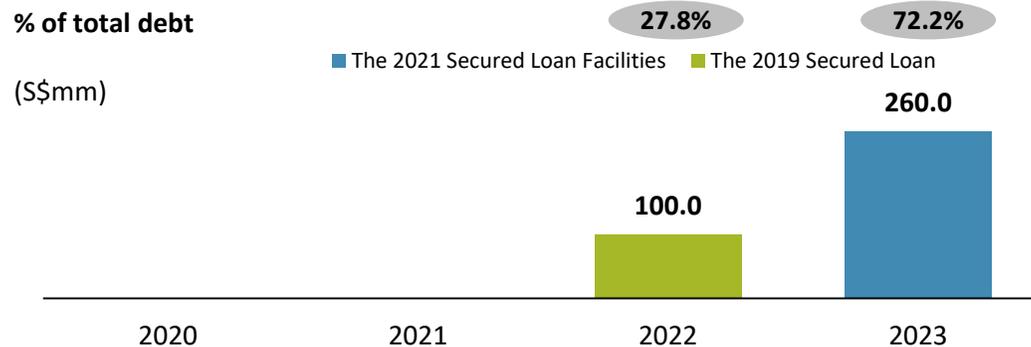
# Financial Effects of the Proposed Transactions (Cont'd)

## Pro Forma Debt Maturity and Gearing

### Current Debt Maturity Profile<sup>(1)</sup>



### Pro Forma Debt Maturity Profile<sup>(1)</sup> after Refinancing and Partial Repayment of Loans after the Rights Issue



### Pro Forma Capitalisation (FY19)

(S\$'000s)

	Actual <sup>(2)</sup>	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue <sup>(3)</sup>
<b>Short-term debt:</b>				
Unsecured	-	-	-	-
Secured	-	-	-	-
<b>Total short-term debt</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Long-term debt:</b>				
Unsecured	-	-	-	-
Secured	486,410	486,410	486,410	346,410
<b>Total long-term debt</b>	<b>486,410</b>	<b>486,410</b>	<b>486,410</b>	<b>346,410</b>
<b>Total Debt</b>	<b>486,410</b>	<b>486,410</b>	<b>486,410</b>	<b>346,410</b>
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>
<b>Leverage ratio</b>	<b>34.5%</b>	<b>45.4%</b>	<b>47.9%</b>	<b>33.9%</b>

(1) Debt figures are calculated before transaction costs

(2) Based on the FY2019 Audited Consolidated Financial Statements.

(3) Taking into account the issue of 791,063,000 Rights Units.

	Resolutions	Voting Threshold % <sup>(1)</sup>
1	<ul style="list-style-type: none"> <li>The Proposed LPKR MLA Restructuring</li> </ul>	> 50
2	<ul style="list-style-type: none"> <li>The proposed waiver by Unitholders other than CDPL, which is a direct wholly-owned subsidiary of OUE, and its concert parties (as defined in The Singapore Code on Take-overs and Mergers (the “Takeover Code”)) (the “Independent Unitholders”) of their rights to receive a general offer for their Units from CDPL pursuant to Rule 14 of the Takeover Code (the “Proposed Whitewash Resolution”)</li> </ul>	>50

Unitholders should note that Resolution 1 and Resolution 2 are not inter-conditional upon each other. The Manager will not launch the Rights Issue unless Resolution 1 is passed. In the event that Resolution 2 is not passed, the Manager will not launch the Rights Issue unless it is able to arrange for the Rights Issue to be underwritten. It should be noted that the FRML Irrevocable Undertaking, the OUELH Irrevocable Undertaking and the OUE Irrevocable Undertaking are conditional upon the passing of Resolution 1 and Resolution 2



- If Resolution 1 is not passed, the Rights Issue CANNOT proceed*
- If Resolution 1 is passed but Resolution 2 is not passed, the Rights Issue CANNOT proceed unless the Manager is able to arrange for the Rights Issue to be underwritten*
- If the Rights Issue does not proceed, First REIT will face an urgent need to re-evaluate alternate funding sources or face financing default*

<sup>(1)</sup> Threshold in respect of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.

# Summary of the EGM

## What does the Independent Financial Advisor Recommend?

1

### Ordinary Resolution to approve the Proposed LPKR MLA Restructuring

*An extract of the IFA Letter is reproduced below:*

“Having carefully considered the information above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that,

- ✓ on balance, the Proposed LPKR MLA Restructuring as an interested person transaction is **on normal commercial terms** and is **not prejudicial** to the interests of First REIT and its minority Unitholders.
- ✓ Accordingly, we advise the Independent Directors, the ARC, and the IC to recommend independent Unitholders to **vote in favour** of the Proposed LPKR MLA Restructuring.”



*Independent Financial Advisor*

2

### Ordinary Resolution for the Proposed Whitewash Resolution

*An extract of the IFA Letter is reproduced below:*

“Having carefully considered the information above and subject to our terms of reference set out in section 2 of this letter, we are of the opinion that:

- ✓ (i) the terms of the Rights Issue, which is the subject of the Proposed Whitewash Resolution, are **fair and reasonable**, and (ii) the Proposed Whitewash Resolution is **fair and reasonable**.
- ✓ Accordingly, we advise the Independent Directors, the ARC, and the IC to recommend Independent Unitholders to **vote in favour** of the Proposed Whitewash Resolution.”



*Independent Financial Advisor*

# Summary of the EGM

*What does the Independent Committee and the Audit and Risk Committee Recommend?*

1

## Ordinary Resolution to approve the Proposed LPKR MLA Restructuring

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix C of the Circular) and the rationale for the Proposed LPKR MLA Restructuring as set out in paragraph 6 of the Letter to Unitholders,

- ✓ the Independent Committee and the Audit and Risk Committee believe that the Proposed LPKR MLA Restructuring is based on **normal commercial terms** and **would not be prejudicial** to the interests of First REIT or its minority Unitholders.
- ✓ Accordingly, the Independent Committee and the Audit and Risk Committee recommend that Unitholders **vote at the EGM in favour** of the resolution relating to the Proposed LPKR MLA Restructuring.



*Independent Committee and the Audit and Risk Committee*

2

## Ordinary Resolution for the Proposed Whitewash Resolution

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix C of the Circular) and the rationale for the Proposed Whitewash Resolution as set out in paragraph 11 of the Letter to Unitholders,

- ✓ the Independent Committee and the Audit and Risk Committee believe that the Proposed Whitewash Resolution is **fair and reasonable**.
- ✓ Accordingly, the Independent Committee and the Audit and Risk Committee recommend that Unitholders **vote at the EGM in favour** of the Proposed Whitewash Resolution.



*Independent Committee and the Audit and Risk Committee*

# 7 Summary of the EGM

## How Can I Vote on the Proposed LPKR MLA Restructuring and the Proposed Whitewash Resolution

To exercise your votes, you must submit a Proxy Form and appoint the Chairman of the EGM to vote on your behalf. You may direct your vote on specific resolutions.

### Step 1: Locate the Proxy Form

The Proxy Form is enclosed in the Circular and may be accessed at First REIT's website at [https://www.first-reit.com/ir\\_egm.html](https://www.first-reit.com/ir_egm.html). It is also on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.

### Step 2: Complete the Proxy form

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

**PROXY FORM**  
**EXTRAORDINARY GENERAL MEETING**

**IMPORTANT:**  
1. This Proxy Form may be accessed at First REIT's website at [https://www.first-reit.com/ir\\_egm.html](https://www.first-reit.com/ir_egm.html), and will be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>. A relevant intermediary may appoint more than one proxy to attend the Extraordinary General Meeting and vote (please see Note 1 for the definition of "relevant intermediary").  
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.  
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

**Personal data privacy**  
By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 December 2020.

**IMPORTANT:**  
1. The Extraordinary General Meeting ("EGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended). In addition to the printed copies of the Notice of Extraordinary General Meeting dated 28 December 2020 which will be sent to unitholders, the Notice of Extraordinary General Meeting will also be available through electronic means via publication on First REIT's website at [https://www.first-reit.com/ir\\_egm.html](https://www.first-reit.com/ir_egm.html) and will also be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.  
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-visual broadcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the accompanying First REIT announcement dated 28 December 2020. This announcement may be accessed at First REIT's website at the URL [https://www.first-reit.com/ir\\_egm.html](https://www.first-reit.com/ir_egm.html) and also on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.  
3. Due to the current COVID-19 restriction orders in Singapore, a Unitholder will not be able to attend the EGM in person. A Unitholder (whether individual or corporate) must appoint the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such Unitholder wishes to exercise his/her/its voting rights at the EGM.  
4. Unitholders who hold their units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore (including CPF and SIS investors) and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective CPF agent banks or SIS Approved Banks) to submit their voting instructions by 5:00 p.m. (Singapore time) on Thursday, 7 January 2021 in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the EGM to vote on their behalf by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021.  
5. By submitting an instrument appointing the Chairman of the EGM as proxy, the Unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 28 December 2020.  
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the EGM as a Unitholder's proxy to attend, speak and vote on his/her/its behalf at the EGM.

I/We \_\_\_\_\_ (Name(s)) (Address) (NRIC No./Passport No./Company Registration No.) of \_\_\_\_\_ (Address) being a unitholder/unitholders of First Real Estate Investment Trust ("First REIT"), hereby appoint the Chairman of the EGM as my/our proxy to attend, speak and vote for me/us on my/our behalf at the Extraordinary General Meeting ("EGM") of First REIT to be convened and held by way of electronic means on **Tuesday, 19 January 2021 at 2:30 p.m.** and at any adjournment thereof.

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

Resolutions	No. of Votes For *	No. of Votes Against *	Abstain
<b>ORDINARY RESOLUTION</b>			
1 To approve the Proposed LPKR MLA Restructuring being Interested Person Transactions			
2 To approve the Proposed Whitewash Resolution			

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

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020/2021

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

**IMPORTANT: Please read notes on the reverse side**

**A** Fill in your name and particulars

**B** Indicate your vote in the box labelled **FOR**, **AGAINST** or **ABSTAIN**.

**C** Please sign. If you are an individual, you or your attorney **MUST SIGN** and indicate the date. If you are a corporation, you must include your common seal and your authorised officer or attorney **MUST SIGN**

**D** Please indicate the number of units held

### Step 3: Submit the Completed Proxy Form



If submitted electronically, be submitted via email to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at [FREGM2021@boardroomlimited.com](mailto:FREGM2021@boardroomlimited.com)



If in hard copy submitted by post, be lodged at First REIT's Unit Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623

In either case, the Proxy Form must reach the First REIT's Unit Registrar by 2:30 p.m. (Singapore time) on Saturday, 16 January 2021, being 72 hours before the time fixed for the EGM

Indicative Timetable	
<b>Last date and time for pre-registration for Extraordinary General Meeting (“EGM”)</b>	2:30 p.m. (Singapore time) on Saturday, 16 January 2021
<b>Last date and time for lodgement of Proxy Forms</b>	2:30 p.m. (Singapore time) on Saturday, 16 January 2021
<b>Date and time of EGM convened and held by way of electronic means</b>	2:30 p.m. (Singapore time) on Tuesday, 19 January 2021

# Concluding Remarks

*Who are the Advisors and Who do I Contact if I need Assistance?*

## Key Transaction Parties

### Financial Advisor

**BofA SECURITIES** 

### Legal Counsel

**ALLEN & GLEDHILL**

### Independent Financial Advisor (IFA)

 **SAC**  
CAPITAL

### Reporting Accountant

 **RSM**

### Independent Market Consultant

**FROST & SULLIVAN**

### Independent Valuers

 **Knight Frank**  **CUSHMAN & WAKEFIELD**

KJPP Willson & Rekan in association with Knight Frank and Cushman & Wakefield VHS Pte. Ltd. in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo & Rekan

*For investor relations queries relating to this announcement, please contact:*

### First REIT

ir@first-reit.com

### Klareco Communications

IR\_FirstREIT@klarecomms.com

# Appendix



# Financial Effects of the Proposed Transactions

## Summary Valuation Impact (1H20)

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue presented below are strictly for illustrative purposes only and are prepared based on the unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2020 ("1H2020 Unaudited Consolidated Financial Statements")

	1H2020 <sup>(1)</sup>	1H2020 <sup>(1)</sup>		
		After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Rights Issue
<i>(\$mm unless otherwise noted)</i>				
Rental and other income / % Change	38.6	27.9 (28%)	26.1 (32%)	26.1 (32%)
Net property and other income / % Change	37.5	26.9 (28%)	25.0 (33%)	25.0 (33%)
NAV per Unit (cents)	97.0	55.4	49.4	34.6
Leverage ratio (%)	34.9%	46.1%	48.6%	34.4%
Annualised DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.41)	–	4.3% <sup>(2)</sup>	3.6% <sup>(3)</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)	5.2% <sup>(4)</sup>	2.0% <sup>(5)</sup>	1.6% <sup>(6)</sup>	–
Annualised DPU Yield (%) based on indicative Issue Price <sup>(7)</sup>	–	–	–	5.5%
Annualised DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) (S\$0.31) <sup>(8)</sup>	–	–	–	3.6%

Note: Assume IDR / SGD = 10,830

(1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.

(2) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 6.4%.

(3) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.6%.

(4) 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.

(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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 3.0%.

(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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 2.6%.

(7) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 7.6%.

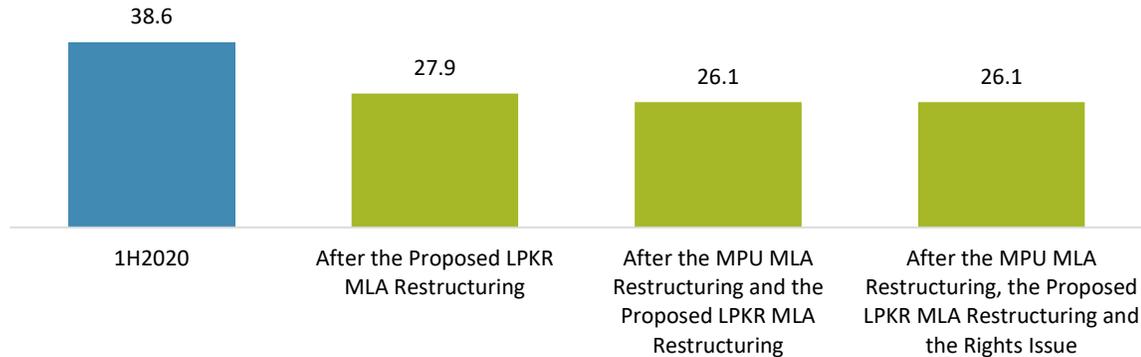
(8) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.0%.

# Financial Effects of the Proposed Transactions (Cont'd)

## Summary Valuation Impact (1H20)

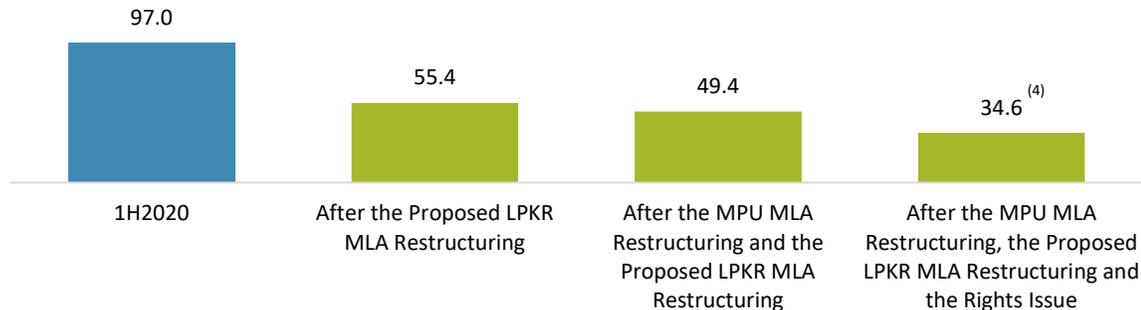
### Rental and Other Income

(\$\$mm)



### NAV per Unit

(Cents)

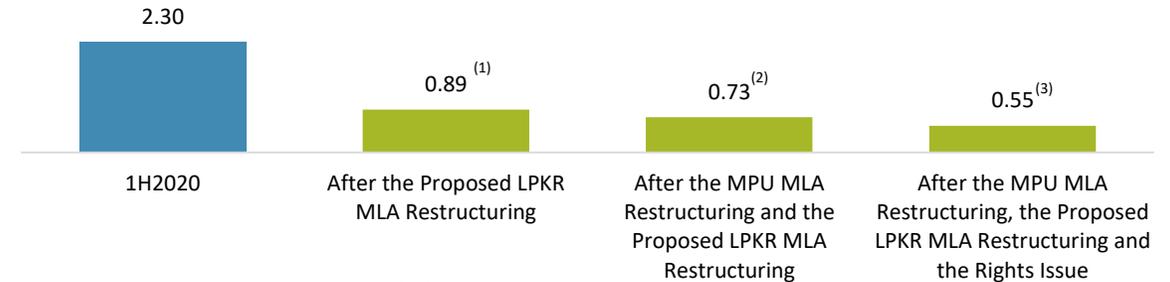


Note: Assume IDR / SGD = 10,830

- (1) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.31 cents.
- (2) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.15 cents.
- (3) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 0.76 cents.
- (4) Taking into account the issue of 791,063,000 Rights Units.
- (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.

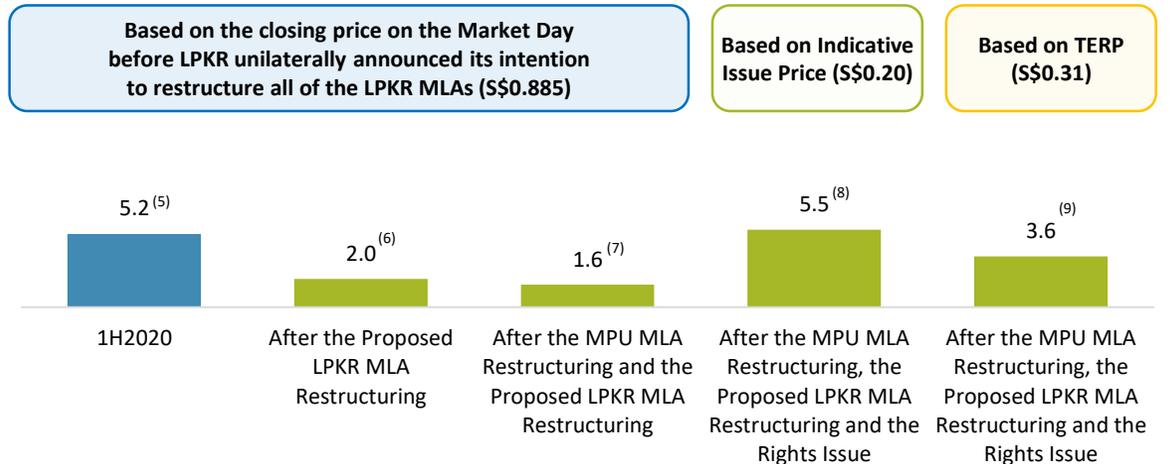
### DPU

(Cents)



### Annualised DPU Yield

(%)



- (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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 3.0%.
- (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. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 2.6%.
- (8) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 7.6%.
- (9) Based on the theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.0%.