



(Constituted in the Republic of Singapore pursuant to
a trust deed dated 5 June 2006 (as amended, restated and supplemented))

DIVESTMENT OF SARANG HOSPITAL AND ENTIRE SHAREHOLDING INTEREST IN KALMORE (KOREA) LIMITED

1. INTRODUCTION

1.1 Divestment of the Property

First REIT Management Limited, as manager of First Real Estate Investment Trust (“**First REIT**” and as manager of First REIT, the “**Manager**”), is pleased to announce that First REIT’s wholly-owned subsidiaries have entered into conditional sale and purchase agreements (“**SPAs**”) in relation to the sale of the property known as “Sarang Hospital” (the “**Property**”), which will be carried out in two stages as follows:

- (i) First REIT’s indirect wholly-owned subsidiary, Kalmore (Korea) Limited (“**Kalmore Korea**”), will sell the Property to Kiju Co., Ltd. pursuant to a real property sale and purchase agreement (“**Property Divestment**”).
- (ii) Following the completion of the Property Divestment, First REIT’s direct wholly-owned subsidiary, Kalmore Investments Pte. Ltd. (“**Kalmore Investments**”), will sell all of the shares of Kalmore Korea to Jemin Co., Ltd. pursuant to a share purchase agreement entered into on the date of this announcement (“**Shares Divestment**”, together with the Property Divestment, the “**Divestment**”).

Kiju Co., Ltd. and Jemin Co., Ltd. are unrelated to the Manager and First REIT. The aggregate sale price for the Divestment is approximately US\$4.52 million.

1.2 Information on the Property

The Property is a six-storey hospital with one basement level located in Yeosu City, South Korea, and is one of the largest rehabilitation treatment and nursing healthcare facilities in Yeosu City, with land area of 2,142 square metres and gross floor area of 4,982 square metres. The Property is First REIT’s only property located in South Korea.

Sarang Hospital was valued by Colliers International (Hong Kong) Limited (the “**Independent Valuer**”) at US\$4.6 million, as at 1 June 2021. This independent valuation (the “**Independent Valuation**”) was commissioned by the Manager and conducted by the Independent Valuer. Based on potential upcoming capital expenditure costs, the Manager had previously taken a prudent view to mark down the valuation to US\$3.1 million which was announced on 14 January 2021; the Manager continues to hold the same view as at 1 June 2021. The total sale price for the Divestment is approximately 1.7% lower than the Independent Valuation.

2. DETAILS OF THE DIVESTMENT

The total sale price for the Divestment of approximately US\$4.52 million was negotiated on a willing-buyer and willing-seller basis after taking into account, among other things, the Independent Valuation and the current property market conditions amid the ongoing coronavirus pandemic.

A deposit amounting to US\$400,000 has been paid in relation to the Property Divestment. Completion of the Divestment is subject to fulfilment of certain customary conditions and is expected to take place by August 2021.

The net proceeds from the Property Divestment would be approximately US\$4.3 million and may be used to fund potential acquisition opportunities, repay existing indebtedness and/or fund general corporate and working capital needs of First REIT.

The Divestment is not expected to have any material impact on the net tangible assets or distributions per unit of First REIT and its subsidiaries for the financial year ending 31 December 2021.

3. RATIONALE FOR THE DIVESTMENT

The Manager believes that the Divestment will benefit unitholders of First REIT (“**Unitholders**”) as it is in line with the Manager’s proactive asset management strategy to optimise First REIT’s portfolio and optimise returns for Unitholders.

4. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, save for the unitholding interests in First REIT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Divestment.

5. OTHER INFORMATION

5.1 Directors’ Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

5.2 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**” and the Listing Manual of the SGX-ST, the “**Listing Manual**”), the Divestment is a “Non-Discloseable Transaction” within the meaning of Rule 1008 of the Listing Manual.

5.3 Documents for Inspection

Copies of the SPAs and the Independent Valuation report are available for inspection¹ during normal business hours at the registered office of the Manager at 333 Orchard Road, #33-02, Singapore 238867 for a period of three months, commencing from the date of this announcement.

By Order of the Board

Tan Kok Mian Victor
Executive Director and Chief Executive Officer
First REIT Management Limited
(Company registration no. 200607070D)
As Manager of First Real Estate Investment Trust

19 July 2021

IMPORTANT NOTICE

The value of the units in First REIT (“**Units**”) and the income derived from them may fall or rise. The Units are not obligations, or deposits in, or guaranteed by the Manager, or Perpetual (Asia) Limited (as trustee of First REIT). An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeems or purchases their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

¹ Prior appointment with the Manager (telephone number: +65 6435 0168) must be made.