

CIRCULAR TO UNITHOLDERS IN RELATION TO:

- + THE PROPOSED ACQUISITION OF 12 NURSING HOMES LOCATED IN JAPAN, AS AN INTERESTED PERSON TRANSACTION;
- + THE PROPOSED ISSUE OF 431,147,541 NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED ACQUISITION OF 12 NURSING HOMES LOCATED IN JAPAN;
- + THE PROPOSED WHITEWASH RESOLUTION; AND
- + THE PROPOSED SETTLEMENT IN RESPECT OF THE TERMINATED DEVELOPMENT WORKS ADJACENT TO SILOAM HOSPITALS SURABAYA, AS AN INTERESTED PERSON TRANSACTION

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for pre-registration for Extraordinary General Meeting ("EGM")

➤ 25 January 2022 at 11:00 a.m.

Last date and time for lodgement of Proxy Forms

➤ 25 January 2022 at 11:00 a.m.

Date and time of EGM convened and held by way of electronic means

➤ 28 January 2022 at 11:00 a.m.

Sole Financial Adviser to the Manager
for the Proposed Transactions

BofA SECURITIES



Independent Financial Adviser to the Independent Directors
and the Audit and Risk Committee of the Manager and to
Perpetual (Asia) Limited (in its capacity as trustee of First REIT)

STIRLING COLEMAN
施霖高誠

Singapore Exchange Securities Trading Limited (the "SGX-ST") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular to holders of units in First Real Estate Investment Trust ("First REIT", and the units in First REIT, "Units", and the holders of Units, "Unitholders") dated 6 January 2022 (this "Circular"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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

This Circular is not for distribution, directly or indirectly, in or into the United States of America ("U.S."). It is not an offer of securities for sale into the U.S.. The Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state of the U.S. or other jurisdiction, and the Units may not be offered or sold within the U.S. except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of First REIT in the U.S. would be made by means of a prospectus that would contain detailed information about First REIT and First REIT Management Limited ("FRML"), as manager of First REIT (the "Manager"), as well as financial statements. The Manager does not intend to conduct a public offering of securities in the U.S..

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WHAT SHOULD I KNOW ABOUT THE PROPOSED TRANSACTIONS?

The following extracts are qualified in their entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary of this Circular.



WHAT ARE THE PROPOSED TRANSACTIONS?



THE PROPOSED ACQUISITION

consisting of:

- 1 the Proposed Acquisition of 12 nursing homes located in Japan, as an interested person transaction;
- 2 the proposed issue of 431,147,541 new Units as partial consideration for the Proposed Acquisition of 12 nursing homes located in Japan; and
- 3 the proposed Whitewash Resolution

THE PROPOSED SETTLEMENT

consisting of:

- 4 the Proposed Settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya, as an interested person transaction

The above four resolutions will be put to a vote at the EGM to be convened and held by way of electronic means on Friday, 28 January 2022 at 11:00 a.m..

WHY IS THE MANAGER PROPOSING THIS NOW?



PROPOSED ACQUISITION IS CONSISTENT WITH NEW 2.0 GROWTH STRATEGY, ANCHORED ON VISION OF BECOMING ASIA'S PREMIER HEALTHCARE TRUST



DIVERSIFY INTO DEVELOPED MARKETS

Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years



RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

Recycle capital from non-core, non-healthcare assets



STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position



CONTINUE TO PIVOT TO RIDE MEGATRENDS

Environmental, Social and Governance ("ESG"), ageing population demographics and growth drivers

1

WHAT SHOULD I KNOW ABOUT THE PROPOSED TRANSACTIONS? (cont'd)

WHAT ARE THE ASSETS BEING ACQUIRED IN THE PROPOSED ACQUISITION?

JAPAN NURSING HOMES PORTFOLIO

12

Properties

100.0%

Occupancy Rate¹

JPY 24.213bn

Agreed Purchase Price²

90,989 sq m

Gross Floor Area ("GFA")³

JPY 24.926bn

Appraised Value⁴

22 years

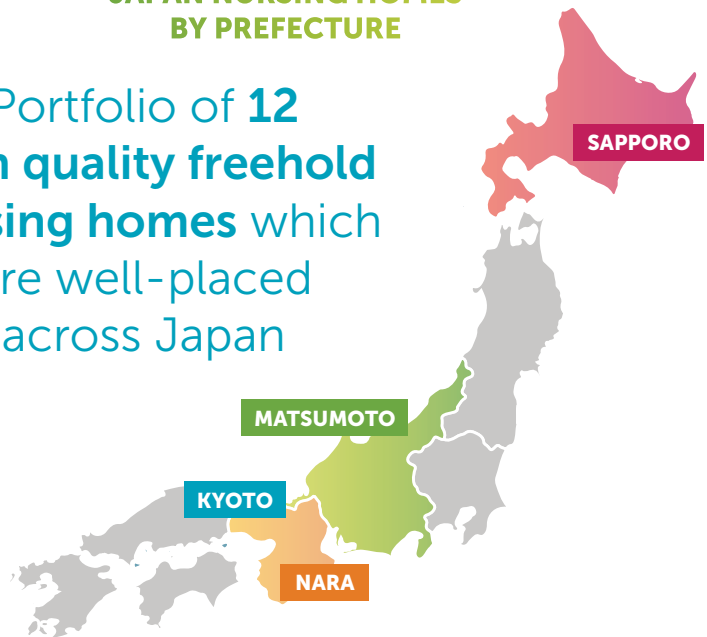
Weighted Average Lease Expiry ("WALE")⁵

1,451

Rooms

JAPAN NURSING HOMES BY PREFECTURE

Portfolio of 12 high quality freehold nursing homes which are well-placed across Japan



Sapporo City, Hokkaido (7 assets)

18.2bn
VALUE (JPY)⁴67,393
SQUARE METERS

Matsumoto City, Nagano (2 assets)

1.8bn
VALUE (JPY)⁴6,619
SQUARE METERS

Miyazu City, Kyoto (1 asset)

0.9bn
VALUE (JPY)⁴2,927
SQUARE METERS

Nara City / Kita Katsuragi-gun, Nara (2 assets)

4.0bn
VALUE (JPY)⁴14,049
SQUARE METERS

WHAT IS THE WHITEWASH RESOLUTION?

A resolution to be approved by Unitholders other than OHI, being a wholly-owned subsidiary of OUELH which has been nominated by OUELH to receive the Consideration Units, and parties acting in concert with OHI by way of a poll to waive their rights to receive a general offer from OHI. The Manager is of the view that allowing OHI to be issued the Consideration Units will demonstrate the long-term commitment of the Manager and OUE Limited ("OUE") to First REIT, and further align the interests of the Manager and OUE with Unitholders, incentivising the Manager to raise the performance of First REIT to the benefit of Unitholders.

1 The 12 nursing homes in Japan are 100% master-leased to master third party master tenants who are well-established and experienced independent local nursing home operators.

2 The Agreed Purchase Price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis.

3 Minor differences due to rounding.

4 Refers to the aggregate of the averages of the two independent valuations of each Japan Nursing Home by CWKK and CBRE as at 29 October 2021.

5 As at 30 June 2021, the Japan Nursing Homes had an aggregate WALE of 22 years.

WHAT SHOULD I KNOW ABOUT THE PROPOSED TRANSACTIONS? (cont'd)

WHAT IS THE PROPOSED SETTLEMENT?

This is consequential upon the termination notice served by PT TPI on 29 June 2020 to PT SK to terminate the Development Works Agreement in connection with the development works adjacent to Siloam Hospitals Surabaya.

The Proposed Settlement refers to the proposed full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments, the Interest and the Project Expenses. The aggregate value of the Proposed Settlement is approximately **S\$30.6 million**.

WHAT ARE THE BENEFITS TO FIRST REIT AND UNITHOLDERS?

A TRANSFORMATIONAL ACQUISITION OF OUR FIRST JAPAN ASSETS, FUNDED BY DPU-ACCRETIVE PLACEMENT

The Manager believes that the Proposed Acquisition will bring, among others, the following key benefits to Unitholders:

- 1 Strategic entry into attractive Japan nursing home market with strong demand drivers;
- 2 Enlarged and diversified portfolio positioned for long-term growth;
- 3 Proposed Acquisition is distribution per Unit ("DPU") accretive to Unitholders on a *pro forma* basis

PROPOSED SETTLEMENT IN RESPECT OF TERMINATED DEVELOPMENT WORKS AGREEMENT

The Manager believes that the Proposed Settlement will bring, among others, the following key benefits to Unitholders:

- 1 Provides finality to the Development Works Agreement;
- 2 Allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement

POST-PROPOSED ACQUISITION	31 Properties ⁴	72.9% ID ¹ , 2.7% SG ¹ , 24.4% JP ¹ Key Geographical Markets ²	s\$1,312.1m Deposited Property ^{3,5}	444,558 sq m GFA	14.0 years WALE ²
PRE-PROPOSED ACQUISITION	19 Properties ⁴	96.4% ID ¹ , 3.6% SG ¹ Key Geographical Markets ²	s\$1,016.5m Deposited Property ^{3,5}	353,569 sq m GFA	12.0 years WALE ²

STIRLING COLEMAN CAPITAL LIMITED, THE IFA, HAS ADVISED THE INDEPENDENT DIRECTORS OF THE MANAGER AND THE AUDIT AND RISK COMMITTEE OF THE MANAGER TO RECOMMEND THAT UNITHOLDERS VOTE IN FAVOUR OF EACH OF THE FOUR RESOLUTIONS TO BE TABLED FOR APPROVAL AT THE EGM.⁶

1 ID = Indonesia; SG = Singapore; JP = Japan.

2 As at 30 June 2021, by GFA.

3 "Deposited Property" refers to the total assets of First REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.

4 Excludes Sarang Hospital.

5 Includes the valuation of Sarang Hospital.

6 A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full (the "IFA Letter") is set out in Appendix B of this Circular and Unitholders are advised to read the IFA Letter carefully.

RATIONALE FOR THE PROPOSED ACQUISITION

STRATEGIC ENTRY INTO ATTRACTIVE JAPAN NURSING HOME MARKET WITH STRONG DEMAND DRIVERS

One of the Most Rapidly Ageing Countries in the World



By 2040 in Japan

35.3%

of Population with Age >65

85yrs

Average Life Expectancy

Surge in Demand for Nursing Homes

Number of people certified as requiring long-term senior care (Mar '08-'21)

1.5x ↑

Occupancy rate for fee-based nursing homes for the elderly

74%

87%

2002

2019

- 1 Rapidly ageing population driving surge in demand for nursing homes
- 2 Nursing homes are considered essential services in later stages of life
- 3 Inadequate supply of fee-based nursing homes for the elderly
- 4 Limited impact from the COVID-19 pandemic is a testament to the defensiveness and quality of the nursing home market in Japan

ENLARGED AND DIVERSIFIED PORTFOLIO POSITIONED FOR LONG-TERM GROWTH

1 High-quality defensive portfolio backed by strong operators

12 freehold assets with a combined GFA of 90,989 sq m and 1,451 rooms. The Japan Nursing Homes which are 100% master-leased to tenants who are well-established and experienced independent local nursing home operators

2 Enhance portfolio diversification, enhance 3rd-party tenant diversification, increase proportion of freehold assets

3 Reduced rental income volatility from exchange rate fluctuation

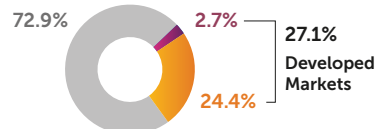
4 Enlarged value of First REIT's Deposited Property: Increase by 29.1% from S\$1,016.5 million as at 30 June 2021, to S\$1,312.1 million

Geographic Diversification by Asset Value¹

Pro Forma 1H2021 Before the Proposed Acquisition



Pro Forma 1H2021 After the Proposed Acquisition



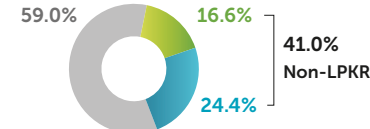
■ Indonesia ■ Singapore ■ Japan

Lease Diversification by Rental Income²

Pro Forma 1H2021 Before the Proposed Acquisition

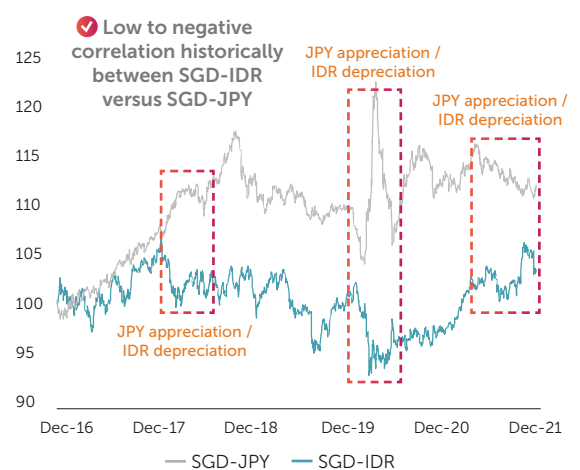


Pro Forma 1H2021 After the Proposed Acquisition



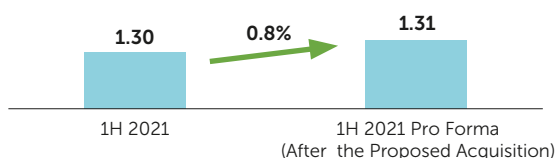
■ LPKR ■ Siloam ■ 3rd Parties

5-year Historical SGD-IDR and SGD-JPY³ Rebased to 100



PROPOSED ACQUISITION IS DPU ACCRETIVE TO UNITHOLDERS ON A PRO FORMA BASIS

Pro Forma 1H2021 DPU (For Illustrative Purposes Only)



First REIT's 1H 2021 pro forma DPU is expected to increase from 1.30 Singapore cents to 1.31 Singapore cents, translating to a pro forma DPU accretion of 0.8%.

For the *pro forma* financial effects of the Proposed Acquisition, please refer to Paragraph 9 of the Letter to Unitholders in the Circular to Unitholders dated 6 January 2022.

Source: Independent Market Research Report.

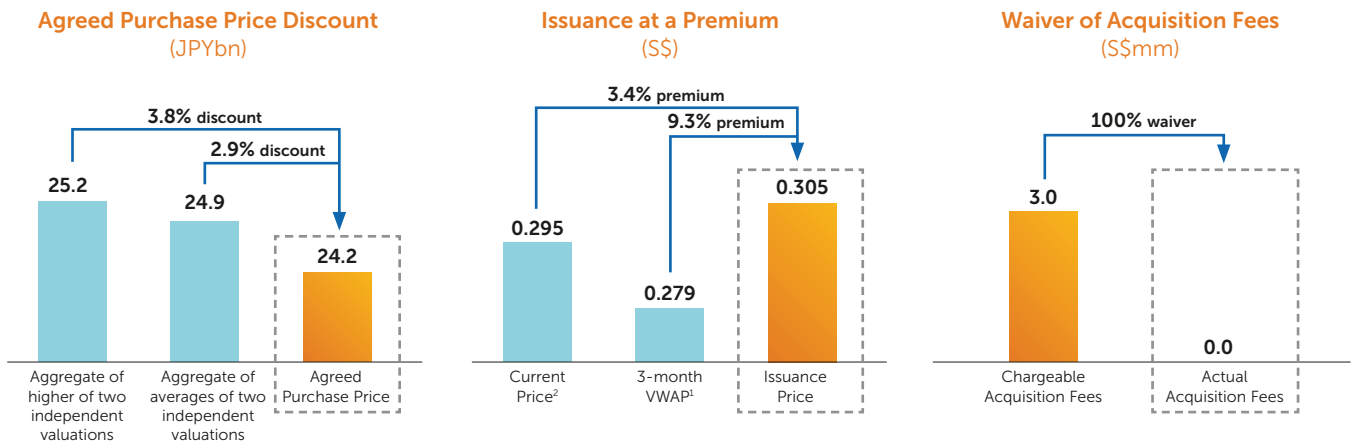
- 1 Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the existing portfolio of First REIT as at 31 December 2020 (excluding Sarang Hospital) (the "Existing Portfolio") as at 30 June 2021.
- 2 Rental income from third parties refers to rental income derived from PT Metropolis Propertindo Utama, tenants of Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence and tenants of the Japan Nursing Homes, but excludes that of Sarang Hospital.
- 3 Factset as at 6 December 2021.

WHY SHOULD I VOTE IN FAVOUR OF THE PROPOSED TRANSACTIONS? (cont'd)

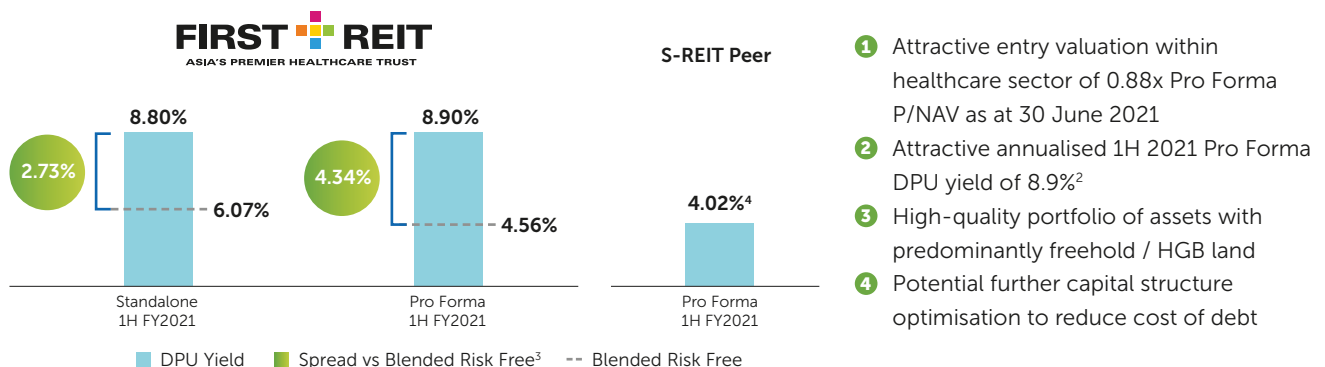
RATIONALE FOR THE PROPOSED ACQUISITION (CONT'D)

PROPOSED ACQUISITION IS CONSISTENT WITH THE FIRST REIT 2.0 STRATEGY AND REFLECTS THE SPONSOR'S COMMITMENT TO FIRST REIT

The Proposed Acquisition is aligned with Unitholder interests and reflects the Sponsor's commitment to the First REIT 2.0 strategy, as the Sponsor has provided three pillars of support to First REIT.



POSITIONS FIRST REIT COMPETITIVELY TO PEER



RATIONALE FOR PROPOSED SETTLEMENT

Provides finality to the Development Works Agreement



Allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement

- 1 Proposed Settlement will strengthen capital structure and allow capital recycling towards higher-growth areas.
- 2 Proposed Settlement provides finality to the terminated project.

¹ Refers to volume-weighted average price over the preceding 3-month period as of 6 December 2021.

² Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021.

³ Computed as DPU Yield over blended risk free spread. Blended risk free spread is computed based on the pro-rata asset contribution from Indonesia (72.3%, Rf: 6.24%), Singapore (2.7%, Rf: 1.68%) and Japan (25.0%, Rf: 0.00475%).

⁴ Based on reported Pro Forma financials of S-REIT Peer as at 31 December 2020 with effects of Proposed entry into New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement announced on 14 July 2021. Note that the Renewal Capex Works will take ~3 years to complete.

WHAT IS THE VIEW OF THE INDEPENDENT DIRECTORS, THE AUDIT AND RISK COMMITTEE AND THE IFA¹?



RESOLUTION 1	The Proposed Acquisition	<p>The IFA is of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.</p> <p>The Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 1 relating to the Proposed Acquisition.</p>
RESOLUTION 2	The Proposed Issue of the Consideration Units as Partial Consideration for the Proposed JMF Acquisition	<p>The IFA is of the opinion that the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.</p> <p>The Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 2 relating to the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition.</p>
RESOLUTION 3	The Proposed Whitewash Resolution	<p>The IFA is of the opinion that the terms of the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, which is the subject of the proposed Whitewash Resolution, are fair and reasonable and the proposed Whitewash Resolution is fair and reasonable.</p> <p>The Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 3 relating to the proposed Whitewash Resolution.</p>
RESOLUTION 4	The Proposed Settlement	<p>The IFA is of the opinion that the Proposed Settlement is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.</p> <p>The Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 4 relating to the Proposed Settlement.</p>

WHAT NEEDS TO HAPPEN TO HAVE EACH OF THE RESOLUTIONS APPROVED?



Condition for Approval

>50%

Majority being more than 50.0% of the total number of votes cast for and against each resolution

Resolution 1 (the Proposed Acquisition) and Resolution 2 (the proposed issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

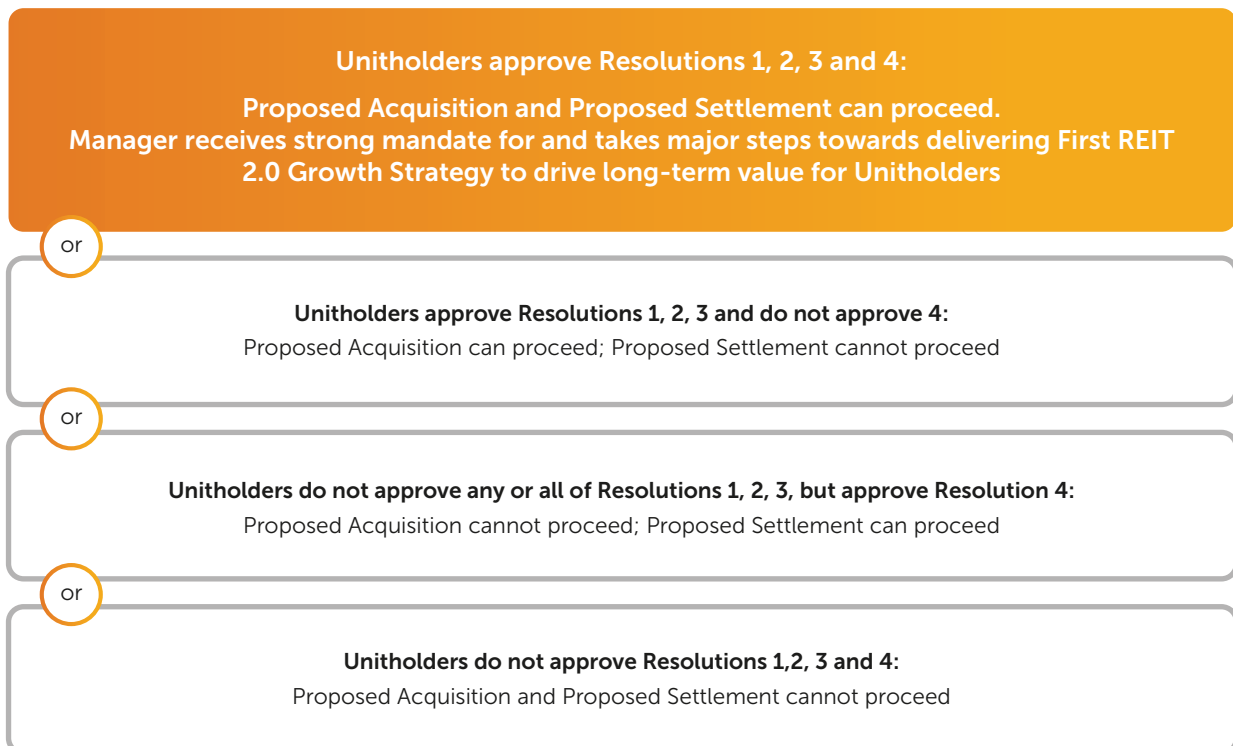
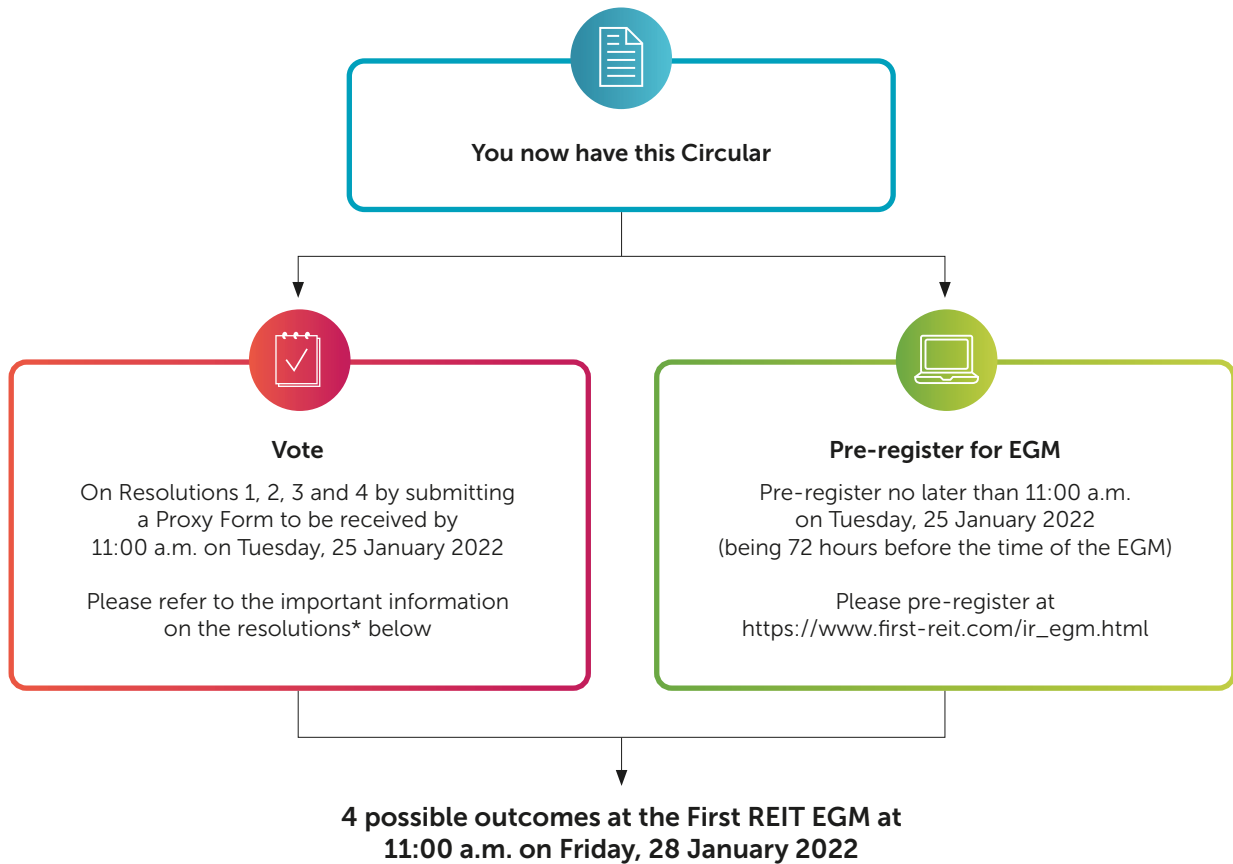
For the avoidance of doubt, Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 or Resolution 3, and vice versa.



¹ A copy of the IFA Letter is set out in Appendix B of this Circular and Unitholders are advised to read the IFA Letter carefully.

4 WHAT DO I NEED TO DO NOW?

Due to the current COVID-19 situation in Singapore, Unitholders will not be able to attend the EGM in person. Instead, Unitholders are to:



*Important information on the Resolutions:

Resolution 1 and Resolution 2 are conditional upon each other and upon Resolution 3. In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried. Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 or Resolution 3, and vice versa.

5 HOW CAN I VOTE?

Step 1 Locate the proxy form

The Proxy Form is located at the end of this Circular and is also available via the following links at https://www.first-reit.com/ir_egm.html and <https://www.sgx.com/securities/company-announcements>.

Step 2 Complete the proxy form

<p>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)</p> <p>PROXY FORM EXTRAORDINARY GENERAL MEETING</p> <p>IMPORTANT:</p> <ol style="list-style-type: none"> 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 6 January 2022 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, and will also be made available on the website of the SGX-ST at https://www.sgx.com/securities/company-announcements. 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 webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM and addressing of substantial and relevant questions in advance of 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 6 January 2022. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and also on the SGX website at the URL https://www.sgx.com/securities/company-announcements. Due to the current COVID-19 situation 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. Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Tuesday, 18 January 2022, being seven (7) working days before the date of the EGM. 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 EGM dated 6 January 2022. 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. <p>I/We _____ (Name(s)) _____ (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 Friday, 28 January 2022 at 11:00 a.m. and at any adjournment thereof.</p> <p>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.</p> <table border="1"> <thead> <tr> <th></th> <th>Resolutions</th> <th>No. of Votes For*</th> <th>No. of Votes Against*</th> <th>Abstain*</th> </tr> </thead> <tbody> <tr> <td></td> <td>ORDINARY RESOLUTION</td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>To approve the Proposed Acquisition, as an Interested Person Transaction</td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td>To approve the proposed issue of 431,147,541 Consideration Units as partial consideration for the Proposed JMF Acquisition</td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td>To approve the proposed Whitewash Resolution</td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td>To approve the Proposed Settlement, as an Interested Person Transaction</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>* 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 "V" 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.</p> <p>Dated this _____ day of _____, 2022.</p> <p>Signature(s) of unitholder(s)/Common Seal of Corporate Unitholder</p>		Resolutions	No. of Votes For*	No. of Votes Against*	Abstain*		ORDINARY RESOLUTION				1	To approve the Proposed Acquisition, as an Interested Person Transaction				2	To approve the proposed issue of 431,147,541 Consideration Units as partial consideration for the Proposed JMF Acquisition				3	To approve the proposed Whitewash Resolution				4	To approve the Proposed Settlement, as an Interested Person Transaction				<p>IMPORTANT:</p> <ol style="list-style-type: none"> This Proxy Form may be accessed at First REIT's website at 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. 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. PLEASE READ THE NOTES TO THE PROXY FORM. <p>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 EGM dated 6 January 2022.</p>
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- 1 Fill in your name and particulars
- 2 Indicate your vote in the box labelled **FOR, AGAINST** or **ABSTAIN**
- 3 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 authorized officer or attorney **MUST SIGN**
- 4 Please indicate the number of Units held

Step 3 Submit the completed form



If 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; or



If submitted electronically, be submitted via email to the Unit Registrar at
firstreitegm2022@boardroomlimited.com

In either case, by no later than **11:00 a.m. on Tuesday, 25 January 2022**, being 72 hours before the time fixed for the EGM.



YOUR VOTE MATTERS

PLEASE VOTE TODAY
THANK YOU

TOKEN OF APPRECIATION

In keeping with our tradition of showing appreciation for our Unitholders' participation at the physical meetings, we will be sending a **\$S15 NTUC FairPrice voucher** to all Unitholders who hold Units through their securities accounts with The Central Depository (Pte) Limited (excluding securities sub-accounts) and participate in this virtual EGM by validly submitting their votes.

Your completed Proxy Form must reach the Unit Registrar by **11:00 a.m. on Tuesday, 25 January 2022** in order for your participation to be counted as valid.

WHO TO CONTACT FOR HELP

If you need further assistance, please contact:

First REIT | ir@first-reit.com

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CORPORATE INFORMATION

Directors of First REIT Management Limited	:	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)
Registered Office of the Manager	:	333 Orchard Road #33-02 Singapore 238867
Trustee of First REIT (the “Trustee”)	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT) 8 Marina Boulevard #05-02 Marina Bay Financial Centre Singapore 018981
Sole Financial Adviser to the Manager for the Proposed Transactions (the “Sole Financial Adviser”)	:	Merrill Lynch (Singapore) Pte. Ltd. OUE Bayfront #14-01 50 Collyer Quay Singapore 049321
Legal Adviser for the Proposed Transactions and to the Manager as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Manager for the Proposed Acquisition as to Japan Law	:	Nishimura & Asahi Otemon Tower, 1-1-2 Otemachi Chiyoda-ku, Tokyo 100-8124
Legal Adviser to the Manager for the Proposed Settlement as to Indonesia Law	:	Soemadipradja & Taher Wisma GKBI, Level 9 Jl. Jenderal Sudirman No. 28 Jakarta 10210, Indonesia
Legal Adviser to the Trustee	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624

Independent Financial Adviser to the Independent Directors and the Audit and Risk Committee of the Manager and to the Trustee (“IFA”)	:	Stirling Coleman Capital Limited 9 Raffles Place Distrii Level 6, Republic Plaza Singapore 048619
Independent Tax Adviser	:	EY Corporate Advisors Pte. Ltd. One Raffles Quay North Tower, Level 18 Singapore 048583
Independent Valuers	:	Cushman & Wakefield K.K. (“ CWKK ”) Sanno Park Tower 13F, 2-11-1 Nagatacho Chiyoda-ku, Japan (appointed by the Trustee) CBRE K.K. (“ CBRE ”) Meiji Yasuda Seimei Building 2-1-1 Marunouchi Chiyoda-ku, Tokyo 100-0005 (appointed by the Manager)
Independent Market Research Consultant	:	Cushman & Wakefield K.K. Sanno Park Tower 13F, 2-11-1 Nagatacho Chiyoda-ku, Japan
Unit Registrar and Unit Transfer Office (the “Unit Registrar”)	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the Glossary on pages 82 to 92 of this Circular.

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

ABOUT FIRST REIT

Listed on the SGX-ST on 11 December 2006, First REIT's investment policy is to invest in a diversified portfolio of income producing real estate and/or real estate-related assets in Asia that are primarily used for healthcare and/or healthcare-related purposes¹. As at 30 June 2021, First REIT's existing portfolio comprised 20² properties, 16 of which were located in Indonesia, three in Singapore and one in South Korea², with a combined gross floor area ("GFA") of 358,551 square metres ("sq m").

(See Appendix A of this Circular which provides further details on the existing portfolio of First REIT as at 31 December 2020 (excluding Sarang Hospital) (the "**Existing Portfolio**").)

SUMMARY OF APPROVALS SOUGHT

The Manager is seeking the approval of independent Unitholders for the following resolutions:

- (i) **Resolution 1 (Ordinary Resolution³)**: the proposed acquisition from OUE Lippo Healthcare Limited ("**OUELH**") by the Trustee of 100.0% of the issued and paid-up share capital of each of:
 - (a) OUELH Japan Medical Facilities Pte. Ltd. ("**JMF**", and 100.0% of the issued and paid-up share capital of JMF, the "**JMF Sale Shares**"), which owns a 100.0% interest in 12 nursing homes located in Japan (the "**Japan Nursing Homes**"), for an aggregate purchase consideration of approximately S\$163.2 million (subject to post-completion adjustments) (the "**JMF Purchase Consideration**") (the "**Proposed JMF Acquisition**"); and

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

2 As announced by the Manager on 19 July 2021, First REIT's wholly-owned subsidiaries had entered into conditional sale and purchase agreements in relation to the sale by First REIT's indirect wholly-owned subsidiary, Kalmore (Korea) Limited ("**Kalmore Korea**"), of the property known as "Sarang Hospital" and the sale by First REIT's direct wholly-owned subsidiary, Kalmore Investments Pte. Ltd., of all of the shares of Kalmore Korea (the "**Sarang Hospital Divestment**"). As announced by the Manager on 31 August 2021, the Sarang Hospital Divestment had been completed on 31 August 2021.

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

- (b) OUELH Japan Medical Assets Pte. Ltd. (“**JMA**”, and 100.0% of the issued and paid-up share capital of JMA, the “**JMA Sale Shares**”) for a purchase consideration of approximately S\$0.3 million (subject to post-completion adjustments) (the “**JMA Purchase Consideration**”, and together with the JMF Purchase Consideration, the “**Purchase Consideration**”) (the “**Proposed JMA Acquisition**”, and together with the Proposed JMF Acquisition, the “**Proposed Acquisition**”);
- (ii) **Resolution 2 (Ordinary Resolution)**: the proposed issue of 431,147,541 new Units as partial consideration for the Proposed JMF Acquisition (the “**Consideration Units**”);
- (iii) **Resolution 3 (Ordinary Resolution)**: the proposed Whitewash Resolution (as defined herein); and
- (iv) **Resolution 4 (Ordinary Resolution)**: the proposed full and final settlement of any and all claims which PT Tata Prima Indah (“**PT TPI**”) (which is an indirect wholly-owned subsidiary of First REIT) may have against PT Saputra Karya (“**PT SK**”) (which is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (“**LPKR**”)) in respect of the progress payments which PT TPI has made to PT SK as at 7 December 2021 under a development works agreement entered into between PT TPI and PT SK (the “**Development Works Agreement Parties**”) on 20 October 2015 (the “**Development Works Agreement**”) amounting to an aggregate of S\$27,000,000.00 (the “**Progress Payments**”), the outstanding amount of the interest which PT TPI is entitled to be paid at a rate of 10.0% per annum on the Progress Payments from 28 June 2019 to 27 June 2020 amounting to an aggregate of S\$2,688,164.38 (the “**Interest**”) and the reasonable costs, fees, expenses and other payments which the Trustee has incurred on behalf of PT TPI under the Development Works Agreement as at 28 June 2020 amounting to an aggregate of S\$918,093.60 (the “**Project Expenses**”) (the “**Proposed Settlement**”),

(collectively, the “**Proposed Transactions**”).

Resolution 1 (the Proposed Acquisition) and Resolution 2 (the proposed issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

For the avoidance of doubt, Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 or Resolution 3, and *vice versa*.

RESOLUTION 1: THE PROPOSED ACQUISITION

Description of the Japan Nursing Homes

The Japan Nursing Homes is a portfolio of 12 quality nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto. With over 90% average operational occupancy¹ as at 30 September 2021² across approximately 1,451 units, all 12 nursing homes are middle- to high-end facilities with communal facilities such as lounges, restaurants and other community spaces. The nursing homes are professionally operated by local Japanese operators that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.

¹ The average operational occupancy refers to the number of units occupied in the Japan Nursing Homes. The Japan Nursing Homes are 100% master leased to independent local operators.

² Based on the unaudited information provided by OUELH as at 30 September 2021.

The following table sets out a summary of selected information on the Japan Nursing Homes as at 29 October 2021, unless otherwise stated.

No.	Property	Location	Type of Property	No. of Rooms	Independent Valuation by CWKK (JPY million)	Independent Valuation by CBRE (JPY million)	Average of the Two Valuations (JPY million)	Agreed Purchase Price for the Japan Nursing Home (JPY million)	Premium/ (Discount) of the Agreed Purchase Price for the Japan Nursing Home over/to the Average of the Two Valuations
1.	Hikari Heights Varus Ishiyama	Hokkaido	Nursing Home	117	824	853	839	839	0.0%
2.	Hikari Heights Varus Tsukisamu-Koen	Hokkaido	Nursing Home	58	631	666	649	641	(1.2)%
3.	Hikari Heights Varus Fujino	Hokkaido	Nursing Home	139	1,640	1,640	1,640	1,574	(4.0)%
4.	Hikari Heights Varus Kotoni	Hokkaido	Nursing Home	281	6,460	6,470	6,465	6,209	(4.0)%
5.	Hikari Heights Varus Makomanai-Koen	Hokkaido	Nursing Home	161	4,560	4,670	4,615	4,475	(3.0)%
6.	Varus Cuore Yamanote	Hokkaido	Nursing Home	59	1,100	1,070	1,085	1,007	(7.2)%
7.	Varus Cuore Sapporo-Kita & Annex	Hokkaido	Nursing Home	216	2,870	3,010	2,940	2,847	(3.2)%
8.	ElySION Gakuenmae	Nara	Nursing Home	92	1,660	1,610	1,635	1,610	(1.5)%
9.	ElySION MamiGaoka & ElySION MamiGaoka Annex	Nara	Nursing Home	160	2,370	2,370	2,370	2,370	0.0%
10.	Orchard Amanohashidate	Kyoto	Nursing Home	60	967	899	933	933	0.0%
11.	Orchard Kaichi North	Nagano	Nursing Home	79	1,320	1,340	1,330	1,303	(2.0)%
12.	Orchard Kaichi West	Nagano	Nursing Home	29	427	424	426	405	(4.9)%
			Total	1,451	24,829	25,022	24,926	24,213	(2.9)%

Note:

(1) Any discrepancies in the table above are due to rounding.

JMF Sale and Purchase Agreement and JMA Sale and Purchase Agreement

On 7 December 2021, the Trustee entered into a sale and purchase agreement with OUELH to acquire the JMF Sale Shares from OUELH (the “**JMF Sale and Purchase Agreement**”).

On the same date, the Trustee entered into a sale and purchase agreement with OUELH to acquire the JMA Sale Shares from OUELH (the “**JMA Sale and Purchase Agreement**”).

(See paragraphs 2.8 and 2.9 of the Letter to Unitholders for further details.)

Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, CWKK, and the Manager has commissioned an independent valuer, CBRE, to respectively value each of the Japan Nursing Homes.

The agreed purchase price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by CWKK and CBRE (the “**Independent Valuers**”), is JPY24,213 million (the “**Agreed Purchase Price for the Japan Nursing Homes**”) and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Home¹ of JPY24,926 million as at 29 October 2021.

In arriving at the open market value of each of the Japan Nursing Homes, the Independent Valuers relied on the income approach utilising the discounted cash flow method. This approach considers the Japan Nursing Homes as income producing properties.

The JMF Purchase Consideration is estimated to be approximately S\$163.2 million (subject to post-completion adjustments) based on the estimated net asset value (“**NAV**”) of JMF as at completion of the Proposed JMF Acquisition, taking into account the Agreed Purchase Price for the Japan Nursing Homes.

(See Appendix C of this Circular for further details regarding the valuation of the Japan Nursing Homes.)

The JMA Purchase Consideration is estimated to be approximately S\$0.3 million (subject to post-completion adjustments) based on the estimated NAV of JMA as at completion of the Proposed JMA Acquisition.

Estimated Total Acquisition Cost

The estimated total cost of the Proposed Acquisition (the “**Total Acquisition Cost**”) is approximately S\$168.0 million, comprising:

- (i) the JMF Purchase Consideration of approximately S\$163.2 million;
- (ii) the JMA Purchase Consideration of approximately S\$0.3 million; and
- (iii) the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition of approximately S\$4.5 million.

¹ Please refer to the respective tables for each of the Japan Nursing Homes under paragraph 2.1 of the Letter to Unitholders, which sets out a comparison of the Agreed Purchase Price for the Japan Nursing Homes against the two independent valuations in respect of each of the Japan Nursing Homes.

To demonstrate its support for the Proposed Acquisition, the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

Method of Financing

The Manager intends to finance the Total Acquisition Cost, estimated to be approximately S\$168.0 million, through a combination of:

- (i) S\$131.5 million through the issue of the Consideration Units to OLH Healthcare Investments Pte. Ltd. (“**OHI**”) (being a wholly-owned subsidiary of OUELH), which has been nominated by OUELH as the vendor of the JMF Sale Shares to receive the Consideration Units;
- (ii) S\$20.3 million through internal cash; and
- (iii) S\$16.2 million through a net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount (each as defined in paragraph 2.5 of the Letter to Unitholders).

Interested Person Transaction¹ and Interested Party Transaction²

As at 27 December 2021, being the latest practicable date prior to the printing of this Circular (the “**Latest Practicable Date**”), OUELH holds, through its wholly-owned subsidiary, OHI, and the Manager (of which OUELH owns 40.0%), an aggregate interest in 411,245,744 Units, which is equivalent to approximately 25.50% of the Units, and is therefore regarded as a Controlling Unitholder³ of First REIT under both the listing manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix. In addition, as OUELH owns 40.0% of the shares in the Manager, OUELH is therefore regarded as a Controlling Shareholder⁴ of the Manager under both the Listing Manual and the Property Funds Appendix.

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

2 “**Interested Party Transaction**” has the meaning ascribed to it in Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”) (the “**Code on CIS**”, and Appendix 6 of the Code on CIS, the “**Property Funds Appendix**”).

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

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

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

- (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or
- (b) in fact exercises control over a company.

For the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, OUELH (being a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person¹ (for the purposes of the Listing Manual) and an Interested Party² (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed Acquisition is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

(See paragraph 8.1.2 of the Letter to Unitholders for further details.)

RATIONALE FOR THE PROPOSED ACQUISITION

The Manager believes that the Proposed Acquisition will bring, among others, the following key benefits to Unitholders:

- (i) Strategic Entry into Attractive Japan Nursing Home Market with Strong Demand Drivers;
- (ii) Enlarged and Diversified Portfolio Positioned for Long-term Growth;
- (iii) Proposed Acquisition is distribution per Unit (“DPU”) Accretive to Unitholders on a *Pro Forma* Basis;
- (iv) Proposed Acquisition is Consistent with the First REIT 2.0 Strategy and Reflects the Sponsor’s Commitment to First REIT; and
- (v) Positions First REIT Competitively to Peer.

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

RESOLUTION 2: THE PROPOSED ISSUE OF 431,147,541 CONSIDERATION UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED JMF ACQUISITION

The Manager proposes to issue up to approximately S\$131.5 million worth of Consideration Units to OHI (being a wholly-owned subsidiary of OUELH), which has been nominated by OUELH as the vendor of the JMF Sale Shares to receive the Consideration Units, as partial consideration for the Proposed JMF Acquisition.

To demonstrate its continued commitment to First REIT, OUELH has agreed to receive the Consideration Units in satisfaction of part of the JMF Purchase Consideration, with OHI, which is a wholly-owned subsidiary of OUELH, being nominated by OUELH to receive the Consideration Units.

1 The Listing Manual states that in the case of a REIT, the term “interested person” shall have the meaning ascribed to the term “interested party” in the Code on CIS. Therefore, the meaning of the term “**Interested Person**” is the same as the meaning of the term “**Interested Party**”.

2 As defined in the Property Funds Appendix, the term “**Interested Party**” means:

- (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of First REIT; or
- (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of First REIT.

The aggregate number of Consideration Units to be issued will be derived in the following manner:

No. of Consideration Units = $Y \div \text{Consideration Unit Issue Price}$

Where:

“Y” means approximately S\$131.5 million, being a portion of the JMF Purchase Consideration.

“**Consideration Unit Issue Price**” means S\$0.305, being an issue price determined based on negotiations between the Manager and OUELH. The Consideration Unit Issue Price of S\$0.305 is equal to the closing price of S\$0.305 per Unit on the SGX-ST on 7 December 2021, being the date of the JMF Sale and Purchase Agreement.

Based on the above formulation, S\$131.5 million shall be satisfied by way of the issue of 431,147,541 Consideration Units at the issue price of S\$0.305 per Consideration Unit to OHI.

As OHI is a wholly-owned subsidiary of OUELH, and OUELH is a Controlling Shareholder of the Manager, the proposed issue of the Consideration Units to OHI (which has been nominated by OUELH to receive the Consideration Units) will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual, in respect of which the approval of independent Unitholders is required.

Accordingly, the Manager is seeking the approval of independent Unitholders by way of an Ordinary Resolution for the proposed issue of the Consideration Units to OHI (which has been nominated by OUELH to receive the Consideration Units).

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

RESOLUTION 3: THE PROPOSED WHITEWASH RESOLUTION

Waiver of The Singapore Code on Take-overs and Mergers

The Securities Industry Council (“**SIC**”) has granted a waiver (the “**SIC Waiver**”) of the requirement by OHI, being a wholly-owned subsidiary of OUELH which has been nominated by OUELH to receive the Consideration Units, to make a mandatory general offer under Rule 14 of The Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) for Units not already owned or controlled by OHI and parties acting in concert with OHI (the “**Concert Parties**”, and the mandatory general offer, the “**Mandatory Offer**”), in the event that OHI incurs an obligation to make a Mandatory Offer pursuant to Rule 14 of the Take-over Code as a result of the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of the Consideration Units as partial consideration for the Proposed JMF Acquisition subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 5.4 of the Letter to Unitholders) including the Unitholders other than OHI and its Concert Parties (the “**Independent Unitholders**”) approving a resolution (the “**Whitewash Resolution**”) by way of a poll to waive their rights to receive a general offer from OHI.

The Manager is seeking approval from the Independent Unitholders for a waiver of their right to receive a Mandatory Offer from OHI, in the event that OHI incurs an obligation to make a Mandatory Offer as a result of the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of the Consideration Units as partial consideration for the Proposed JMF Acquisition.

Rule 14.1(a) of the Take-over Code states that OHI and its Concert Parties would be required to make a Mandatory Offer, if OHI and its Concert Parties, acquires, whether by a series of transactions over a period of time or not, Units which (taken together with the Units held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of First REIT.

To the best of the knowledge of the Manager, OHI and its Concert Parties hold, in aggregate, 471,614,118 Units representing approximately 29.24% of the voting rights of First REIT as at the Latest Practicable Date.

Further to the receipt of the Consideration Units by OHI (which has been nominated by OUELH to receive the Consideration Units) and to the best of the knowledge of the Manager, OHI and its Concert Parties would hold an aggregate indirect interest in 902,761,659 Units, representing approximately 44.16% of the total number of Units in issue immediately following the issue of the Consideration Units, which will result in OHI and its Concert Parties holding more than 30% of the voting rights of First REIT and thereby trigger the requirement for OHI and its Concert Parties to make a Mandatory Offer.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Take-over Code, OHI and its Concert Parties would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to the satisfaction of the conditions specified in the SIC Waiver (as set out in paragraph 5.4 of the Letter to Unitholders) including Resolution 3 (the proposed Whitewash Resolution) being approved by Independent Unitholders at the EGM.

(See paragraph 5.4 of the Letter to Unitholders for further details.)

Rationale for the Proposed Whitewash Resolution and the Proposed Issue of the Consideration Units

The proposed Whitewash Resolution is to enable OHI to receive the Consideration Units (as the nominee of OUELH) as partial consideration for the Proposed JMF Acquisition.

The Manager is of the view that allowing OHI (being a wholly-owned subsidiary of OUELH which has been nominated by OUELH to receive the Consideration Units) to be issued the Consideration Units will demonstrate the long-term commitment of the Manager and OUE Limited (“**OUE**”) to First REIT. It will also further align the interests of the Manager and OUE with Unitholders, incentivising the Manager to raise the performance of First REIT to the benefit of Unitholders.

Unitholders should note that Resolution 1 (the Proposed Acquisition) and Resolution 2 (the proposed issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

RESOLUTION 4: THE PROPOSED SETTLEMENT

Background

As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK in connection with the development works to develop a new hospital (the “**Development Works**”), pursuant to the Development Works Agreement. The new hospital to be developed was to be a new healthcare facility. The road subsidence that took place on 18 December 2018 along Jalan Gubeng, Surabaya, which is in close proximity to Siloam Hospitals Surabaya (the “**Road Subsidence**”), had had a serious impact on the Development Works, which were no longer progressing. Pursuant to the Development Works Agreement, PT TPI had the right to terminate the Development Works Agreement in the event the Development Works remained uncompleted by 28 June 2020. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement.

Amounts to Which PT TPI is Entitled

Pursuant to the Development Works Agreement, PT TPI is entitled to be paid S\$27,000,000.00 (being the aggregate of the Progress Payments), the Interest on the Progress Payments amounting to an aggregate of S\$2,688,164.38, as well as the sum of S\$918,093.60 (being the aggregate of the Project Expenses which the Trustee has incurred on behalf of PT TPI). As the Trustee has paid and incurred the Project Expenses on behalf of PT TPI in the course of the Development Works, PT TPI has designated the payment of the Project Expenses to be made directly to the Trustee.

The Settlement Agreements

On 7 December 2021, PT TPI entered into a settlement agreement with PT SK to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments and the Interest (the “**Progress Payments Settlement Agreement**”).

In addition, on 7 December 2021, PT TPI, PT SK and the Trustee have entered into a settlement agreement to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Project Expenses incurred by the Trustee on behalf of PT TPI (the “**Project Expenses Settlement Agreement**”, and together with the Progress Payments Settlement Agreement, the “**Settlement Agreements**”).

(See paragraph 6.3 of the Letter to Unitholders for further details.)

Principal Terms and Conditions of the Settlement Agreements

Principal Terms and Conditions of the Progress Payments Settlement Agreement

Pursuant to the Progress Payments Settlement Agreement, PT SK shall make payment to PT TPI of the amount of the Progress Payments of IDR281,250,090,000 (equivalent to S\$27,000,000.00) and the Interest of IDR28,001,721,252 (equivalent to S\$2,688,164.38) (the “**Aggregate Progress Payments Settlement Amount**”), in instalments comprising:

- (i) IDR6,377,286,416 by 31 January 2022, being the first instalment of the Interest;
- (ii) IDR15,940,764,476 by 28 February 2022, being the second instalment of the Interest;
- (iii) IDR5,683,670,360 and IDR10,257,094,116 by 31 March 2022, being the final instalment of the Interest and the first instalment of the Progress Payments respectively;
- (iv) IDR47,822,293,428 by 30 April 2022, being the second instalment of the Progress Payments;
- (v) IDR79,703,822,380 by 31 May 2022, being the third instalment of the Progress Payments;
and
- (vi) IDR143,466,880,076 by 30 June 2022, being the final instalment of the Progress Payments.

The amounts stated above are based on the agreed exchange rate of S\$1.00 = IDR10,416.67.

Principal Terms and Conditions of the Project Expenses Settlement Agreement

Pursuant to the Project Expenses Settlement Agreement, PT SK shall make payment to the Trustee of the aggregate amount of the Project Expenses incurred of S\$918,093.60 by 31 January 2022 (together with the Aggregate Progress Payments Settlement Amount, the “**Aggregate Settlement Amount**”).

(See paragraph 6.3 of the Letter to Unitholders for further details.)

Use of Aggregate Settlement Amount

The Manager intends to use the Aggregate Settlement Amount to pare down existing loans and/or for working capital purposes.

Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 466,361,549 (or approximately 28.91%) of the Units, and are therefore each regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

Based on the latest information available to the Manager as at 31 December 2021, Dr Stephen Riady and Mr James Tjahaja Riady were each deemed to be interested in an aggregate of 41,844,108,005 (or approximately 59.02%) of the shares in LPKR.

PT SK is an indirect wholly-owned subsidiary of LPKR. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100.0% of the shares in PT SK and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, PT SK (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed Settlement is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

(See paragraph 8.1.3 of the Letter to Unitholders for further details.)

RATIONALE FOR THE PROPOSED SETTLEMENT

As announced on 21 October 2015, First REIT through PT TPI entered into the Development Works Agreement, with the intent to develop a new healthcare hospital to replace Siloam Hospitals Surabaya. It was intended that First REIT would have received a new healthcare facility by the first long stop date of the Development Works Agreement, being 28 June 2020.

On 29 June 2020, given that the Development Works were no longer progressing due to the Road Subsidence that took place on 18 December 2018, the Manager announced that PT TPI served a termination notice to PT SK to terminate the Development Works Agreement. Accordingly, the desired outcome to swap the ageing Siloam Hospitals Surabaya with a new healthcare facility did not materialise.

Since the Road Subsidence, the Manager had commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields, to determine the possibility of conducting future construction works on the site should the project be revived.

LPKR had also indicated that as there were still ongoing investigations into the Road Subsidence, possible and ongoing legal action and the pending outcome of an insurance claim, more time was necessary to propose a plan for the full and final settlement of all outstanding obligations between PT SK and PT TPI in connection with the Development Works Agreement.

Having concluded the studies, the Manager was of the view that re-commencing construction works would not be straightforward and will entail further development risks. As such, First REIT will not be participating in any further development plans by LPKR and the Proposed Settlement provides finality to the Development Works Agreement and allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement.

(See paragraph 7 of the Letter to Unitholders for further details.)

INDICATIVE TIMETABLE

Any changes to the timetable below will be announced.

Event	Date and Time
Last date and time for pre-registration for EGM	: 25 January 2022 at 11:00 a.m.
Last date and time for lodgement of Proxy Forms	: 25 January 2022 at 11:00 a.m.
Date and time of EGM convened and held by way of electronic means	: 28 January 2022 at 11:00 a.m.



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

Directors of the Manager

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)

Registered Office

333 Orchard Road
#33-02
Singapore 238867

6 January 2022

To: Unitholders of First Real Estate Investment Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is seeking the approval of independent Unitholders by way of Ordinary Resolutions at the EGM for the following resolutions:

- (i) **Resolution 1:** the Proposed Acquisition;
- (ii) **Resolution 2:** the proposed issue of 431,147,541 Consideration Units as partial consideration for the Proposed JMF Acquisition;
- (iii) **Resolution 3:** the proposed Whitewash Resolution; and
- (iv) **Resolution 4:** the Proposed Settlement.

Resolution 1 (the Proposed Acquisition) and Resolution 2 (the proposed issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

For the avoidance of doubt, Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 or Resolution 3, and *vice versa*.

2. RESOLUTION 1: THE PROPOSED ACQUISITION

2.1 Description of the Japan Nursing Homes

The Japan Nursing Homes is a portfolio of 12 quality nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto. With over 90% average operational occupancy¹ as at 30 September 2021² across approximately 1,451 units, all 12 nursing homes are middle- to high-end facilities with communal facilities such as lounges, restaurants and other community spaces. The nursing homes are professionally operated by local Japanese operators that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.

Further details on each of the Japan Nursing Homes are set out in the subsequent pages.

1 The average operational occupancy refers to the number of units occupied in the Japan Nursing Homes. The Japan Nursing Homes are 100% master leased to independent local operators.

2 Based on the unaudited information provided by OUELH as at 30 September 2021.

The following table sets out a summary of selected information on the Japan Nursing Homes as at 29 October 2021, unless otherwise stated.

No.	Property	Location	Type of Property	No. of Rooms	Independent Valuation by CWKK (JPY million)	Independent Valuation by CBRE (JPY million)	Average of the Two Valuations (JPY million)	Agreed Purchase Price for the Japan Nursing Home (JPY million)	Premium/ (Discount) of the Agreed Purchase Price for the Japan Nursing Home over/to the Average of the Two Valuations
1.	Hikari Heights Varus Ishiyama	Hokkaido	Nursing Home	117	824	853	839	839	0.0%
2.	Hikari Heights Varus Tsukisamu-Koen	Hokkaido	Nursing Home	58	631	666	649	641	(1.2)%
3.	Hikari Heights Varus Fujino	Hokkaido	Nursing Home	139	1,640	1,640	1,640	1,574	(4.0)%
4.	Hikari Heights Varus Kotoni	Hokkaido	Nursing Home	281	6,460	6,470	6,465	6,209	(4.0)%
5.	Hikari Heights Varus Makomanai-Koen	Hokkaido	Nursing Home	161	4,560	4,670	4,615	4,475	(3.0)%
6.	Varus Cuore Yamanote	Hokkaido	Nursing Home	59	1,100	1,070	1,085	1,007	(7.2)%
7.	Varus Cuore Sapporo-Kita & Annex	Hokkaido	Nursing Home	216	2,870	3,010	2,940	2,847	(3.2)%
8.	Elyson Gakuenmae	Nara	Nursing Home	92	1,660	1,610	1,635	1,610	(1.5)%
9.	Elyson Mamiogaoka & Elyson Mamiogaoka Annex	Nara	Nursing Home	160	2,370	2,370	2,370	2,370	0.0%
10.	Orchard Amanohashidate	Kyoto	Nursing Home	60	967	899	933	933	0.0%
11.	Orchard Kaichi North	Nagano	Nursing Home	79	1,320	1,340	1,330	1,303	(2.0)%
12.	Orchard Kaichi West	Nagano	Nursing Home	29	427	424	426	405	(4.9)%
			Total	1,451	24,829	25,022	24,926	24,213	(2.9)%

Note:

(1) Any discrepancies in the table above are due to rounding.

1. Hikari Heights Varus Ishiyama

216 and other lot, Ishiyama 1jo 3-chome, Minami-ku, Sapporo City, Hokkaido Prefecture



Description

The 9-storey property is easily accessible via bus from Makomanai Station on the Sapporo City Subway Nanboku Line. Completed in 1986, the 117-room nursing home can house a maximum of 149 residents. A large proportion of its residents has stayed in the home for more than 15 years.

The table below sets out a summary of selected information on Hikari Heights Varus Ishiyama as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	February 1986
Land Area	4,413.25 sq m
GFA	8,746.98 sq m
No. of Rooms	117
Maximum No. of Beds	149
Independent Valuation by CWKK	JPY 824,000,000
Independent Valuation by CBRE	JPY 853,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 839,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	1.8%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(1.6)%

2. Hikari Heights Varus Tsukisamu-Koen

25 and other lots, Misono 9jo 8-chome, Toyohiraku, Sapporo City, Hokkaido Prefecture



Description

Located in a suburban area on the fringe of Sapporo city centre, Hikari Heights Varus Tsukisamu-Koen has been in operation since 1990 and more than half of its residents have resided there for more than 15 years. The 10-storey nursing home has 58 rooms that can accommodate a maximum occupancy of 73 residents.

The table below sets out a summary of selected information on Hikari Heights Varus Tsukisamu-Koen as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	March 1990
Land Area	2,248.92 sq m
GFA	4,362.45 sq m
No. of Rooms	58
Maximum No. of Beds	73
Independent Valuation by CWKK	JPY 631,000,000
Independent Valuation by CBRE	JPY 666,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 641,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	1.6%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(3.8)%

3. Hikari Heights Varus Fujino

240-1 and other lots, Fujino 3jo 11-chome, Minamiku, Sapporo City, Hokkaido Prefecture



Description

Located in the residential Minami area of Sapporo, which is about an hour's drive from the city centre, the 13-storey rental nursing home has 139 rooms that can accommodate up to 187 residents and has been in operation since 1994.

The table below sets out a summary of selected information on Hikari Heights Varus Fujino as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	October 1994
Land Area	7,230.00 sq m
GFA	9,781.80 sq m
No. of Rooms	139
Maximum No. of Beds	187
Independent Valuation by CWKK	JPY 1,640,000,000
Independent Valuation by CBRE	JPY 1,640,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 1,574,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(4.0)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(4.0)%

4. Hikari Heights Varus Kotoni

8 and other lots, 24ken 4jo 1-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture



Description

In operation since 2013, Hikari Heights Varus Kotoni is located in a residential area approximately 20 minutes from Sapporo city centre and a short walk from the Kotoni Station on the JR Hakodate Main Line. The 14-storey nursing home comprises 281 one- and two-bedded rooms with a maximum occupancy of 364 residents.

The table below sets out a summary of selected information on Hikari Heights Varus Kotoni as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	August 2004
Land Area	11,032.94 sq m
GFA	20,756.44 sq m
No. of Rooms	281
Maximum No. of Beds	364
Independent Valuation by CWKK	JPY 6,460,000,000
Independent Valuation by CBRE	JPY 6,470,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 6,209,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(3.9)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(4.0)%

5. Hikari Heights Varus Makomanai-Koen

1-1, Makomanaimidorimachi 1-chome, Minamiku, Sapporo City, Hokkaido Prefecture



Description

The 10-storey nursing home has been operating since 2016. It is located in a residential area just outside Sapporo city centre. It houses 161 one- and two-bedded rooms with a maximum occupancy of 196 residents.

The table below sets out a summary of selected information on Hikari Heights Varus Makomanai-Koen as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	June 2006
Land Area	6,652.96 sq m
GFA	13,301.30 sq m
No. of Rooms	161
Maximum No. of Beds	196
Independent Valuation by CWKK	JPY 4,560,000,000
Independent Valuation by CBRE	JPY 4,670,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 4,475,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(1.9)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(4.2)%

6. Varus Cuore Yamanote

1 and other lot, Yamanote 6jo 2-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture



Description

Located in a residential area not far from Sapporo city centre, the 4-storey nursing facility has been in operation since 2005. It houses 59 one- and two-bedded rooms with a maximum capacity of 60 residents. With easy accessibility to JR Kotoni Station on the Sapporo City Subway Tozai Line, the home has enjoyed a high occupancy rate with a waiting list of new residents.

The table below sets out a summary of selected information on Varus Cuore Yamanote as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	March 2005
Land Area	1,667.87 sq m
GFA	2,807.83 sq m
No. of Rooms	59
Maximum No. of Beds	60
Independent Valuation by CWKK	JPY 1,100,000,000
Independent Valuation by CBRE	JPY 1,070,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 1,007,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(8.5)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(5.9)%

7. Varus Cuore Sapporo-Kita & Annex

3-1 and other lots, Tonden 8jo 9-chome, Kita-ku, Sapporo City, Hokkaido Prefecture



Description

Located to the northwest of “Yurigahara” Station on the JR Gakuentoshi Line, the nursing facility consists of two buildings: 5-storey Varus Cuore Sapporo-Kita with 126 rooms, and 3-storey Varus Cuore Sapporo-Kita Annex with 90 rooms. The two buildings can accommodate a total of 222 residents. The property is well-staffed with nurses and counsellors and is in a location that allows easy access to clinics and hospitals.

The table below sets out a summary of selected information on Varus Cuore Sapporo-Kita & Annex as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Hikari Heights Varus Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	Main: June 2007 Annex: July 2014
Land Area	5,269.13 sq m
GFA	7,636.60 sq m
No. of Rooms	216
Maximum No. of Beds	222
Independent Valuation by CWKK	JPY 2,870,000,000
Independent Valuation by CBRE	JPY 3,010,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 2,847,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(0.8)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(5.4)%

8. Elysion Gakuenmae

1994-6, Nakatomigaoka 1-chome, Nara City, Nara Prefecture



Description

Located in a residential area in Nara, Elysion Gakuenmae is easily accessible by bus from Gakken Nara-Tomigaoka Station and with easy access to the highway leading to Nara's city centre. The 5-storey nursing facility has 92 fully furnished rooms as well as a variety of community spaces, healthcare rooms and lounges. A large hypermart and a nearby hospital also add to the location appeal of this property.

The table below sets out a summary of selected information on Elysion Gakuenmae as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Safety Life Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	November 2010
Land Area	1,898.30 sq m
GFA	3,790.00 sq m
No. of Rooms	92
Maximum No. of Beds	92
Independent Valuation by CWKK	JPY 1,660,000,000
Independent Valuation by CBRE	JPY 1,610,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 1,610,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(3.0)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	0.0%

9. ElySION Mamigaoka & ElySION Mamigaoka Annex

1-1 and other lots, Umamiminami 4-chome, Koryocho, Kitakatsuragi-gun, Nara Prefecture



Description

ElySION Mamigaoka & ElySION Mamigaoka Annex are located in a residential area in Kitakatsuragi, Nara and is the only facility in the area. It consists of a 5-storey and a 4-storey building easily accessible by bus from Goido Station on the Kintetsu Osaka Line. Its 160 fully-furnished one- and two-bedded rooms can accommodate up to 165 residents.

The table below sets out a summary of selected information on ElySION Mamigaoka & ElySION Mamigaoka Annex as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Safety Life Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	Main: March 1993 Annex: July 1992
Land Area	6,997.21 sq m
GFA	10,258.85 sq m
No. of Rooms	160
Maximum No. of Beds	165
Independent Valuation by CWKK	JPY 2,370,000,000
Independent Valuation by CBRE	JPY 2,370,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 2,370,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	0.0%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	0.0%

10. Orchard Amanohashidate

1058-1 and other lots, Koaza-Ikami, Aza-Mannen, Miyazu City, Kyoto Prefecture



Description

Orchard Amanohashidate is a lovely nursing facility located next to the famous and scenic Amanohashidate coastline. It comprises a 3-storey nursing home with 60 rooms and a 2-storey daycare service centre. Located six minutes by bus from Amanohashidate Station on the Kyoto Tango Railway Miyatoyo Line, the nursing facility is within walking distance to parks and facilities such as a shopping centre, train station, hospital and city office.

The table below sets out a summary of selected information on Orchard Amanohashidate as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Orchard Care Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	November 1985
Land Area	2,694.41 sq m
GFA	2,927.14 sq m
No. of Rooms	60
Maximum No. of Beds	60
Independent Valuation by CWKK	JPY 967,000,000
Independent Valuation by CBRE	JPY 899,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 933,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(3.5)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	3.8%

11. Orchard Kaichi North

1603-15 and other lots, Kaichi 2-chome, Matsumoto City, Nagano Prefecture



Description

Located in the residential area of Matsumoto Nagano, a short distance from Japan's historic Matsumoto Castle and a 15-minute walk from JR Kitamatsumoto Station, the 4-storey nursing home houses 79 rooms with a maximum capacity of 85 residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and event hall.

The table below sets out a summary of selected information on Orchard Kaichi North as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Orchard Care Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	October 1988
Land Area	2,833.41 sq m
GFA	5,057.91 sq m
No. of Rooms	79
Maximum No. of Beds	85
Independent Valuation by CWKK	JPY 1,320,000,000
Independent Valuation by CBRE	JPY 1,340,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 1,303,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(1.3)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(2.8)%

12. Orchard Kaichi West

1602-9 and other lots, Kaichi 2-chome, Matsumoto City, Nagano Prefecture



Description

Located next to Orchard Kaichi North in the residential area of Matsumoto Nagano, Orchard Kaichi West has a total of 29 rooms for residents. The nursing home includes communal facilities such as a cafeteria, shared bath, consultation room, activity space and an event hall.

The table below sets out a summary of selected information on Orchard Kaichi West as at 29 October 2021, unless otherwise stated.

Operator/Master Lessee	Orchard Care Co., Ltd
Type of Property	Paid Nursing Home
Completion Date	April 1996
Land Area	796.98 sq m
GFA	1,561.49 sq m
No. of Rooms	29
Maximum No. of Beds	29
Independent Valuation by CWKK	JPY 427,000,000
Independent Valuation by CBRE	JPY 424,000,000
Agreed Purchase Price for the Japan Nursing Home	JPY 405,000,000
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CWKK	(5.2)%
Premium/(Discount) of the Agreed Purchase Price for the Japan Nursing Home to the Independent Valuation by CBRE	(4.5)%

2.2 Certain Details of the Master Lease Agreements in Respect of the Japan Nursing Homes

Save for Varus Cuore Sapporo-Kita Annex, each of the Japan Nursing Homes has a 30-year master lease, which commenced from 25 April 2013¹.

Under the terms of each of the master lease agreements in respect of the Japan Nursing Homes (the “**Master Lease Agreements**”), the annual rent shall be a fixed amount, save that such annual rent may be revised every two years² or three years³ upon negotiation based on the increase in Japan’s consumer price index and interest rates. The rent may not be reduced unless certain requirements under Article 32 of the Act on Land and Building Leases⁴ are met.

Under the terms of each of the Master Lease Agreements, the relevant master lessee is required to pledge to the lessor a rental deposit for an amount equal to six months² or four months³ of the monthly rent payable by the relevant master lessee in accordance with the terms of the relevant Master Lease Agreement.

The lease expiry date under each of the Master Lease Agreements is 24 April 2043, unless terminated earlier. If neither party indicates an intention to terminate at least six months prior to the respective lease expiry dates, the lease term shall be renewed for a further five years.

Under the terms of each of the Master Lease Agreements, if a Master Lease Agreement is terminated by the relevant master lessee prior to the relevant non-cancellation date (in which case the relevant master lessee is required to provide a compelling reason to justify such cancellation and give at least 90 days’ prior written notice to the lessor), the relevant master lessee must pay to the lessor, in a lump sum, a penalty in the amount equivalent to the rent for the residual period up to the relevant non-cancellation date. After the relevant non-cancellation date, the master lessee may terminate the lease by giving not less than 12 months’ written notice to the lessor.

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- 1 The master lease in respect of Varus Cuore Sapporo-Kita Annex commenced on 30 September 2014 with a lease expiry date of 24 April 2043.
 - 2 In the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex.
 - 3 In the case of Elysion Gakuenmae, Elysion Mamigaoka & Elysion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West.
 - 4 Article 32 of the Act on Land and Building Leases states that a lessee may request a future decrease in the rent where the building rent becomes unreasonable, as a result of the increase or decrease in tax and other burden or fall in property price, or fluctuations in other economic areas exist.

Under the terms of each of the Master Lease Agreements, if the master lessee falls under any one of a list of specified events¹ and has not cured such breach within a specified period set out under the Master Lease Agreements after it has received notice from the relevant lessor requiring the relevant master lessee to cure such breach, the relevant lessor may cancel the relevant Master Lease Agreement by giving written notice to the relevant master lessee.

Under the terms of each of the Master Lease Agreements, the master lessee has a priority negotiation right to purchase the relevant Japan Nursing Home in accordance with the terms of the relevant Master Lease Agreement. In the case where OUELH TMK (Japan) (as defined in paragraph 2.3 of this Letter to Unitholders) as lessor under each of the Master Lease Agreements intends to sell the relevant Japan Nursing Home to third parties except for certain related parties set out in the Master Lease Agreements², OUELH TMK (Japan) shall notify the relevant master lessee of such intention and provide the relevant master lessee with exclusive negotiation rights to purchase the relevant Japan Nursing Home for one month.

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- 1 Such specified events include, among others, the failure of a master lessee to pay the relevant rent set out in the relevant Master Lease Agreement for two months or more, the failure of a master lessee to pay the rental deposit set out in the relevant Master Lease Agreement and a master lessee having otherwise breached a provision of the relevant Master Lease Agreement.
 - 2 In the case where the purchaser is (a) any entity into which International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited), Capbridge K.K. or Cryxis K.K. or their affiliate will make, directly or indirectly, an investment (regardless of the form of the investment) or (b) any entity the assets of which will be managed by International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited), Capbridge K.K. or Cryxis K.K. or their affiliate, including but not limited to any Singapore REIT managed, invested or sponsored by International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited) or its affiliates, the lessor may sell the property without providing exclusive negotiation rights under the terms of the Master Lease Agreements to the master lessee.

The following table sets out a summary of certain details of the Master Lease Agreements as at 29 October 2021, unless otherwise stated.

No.	Name of Property	Operator/ Master Lessee	Gross Rent Per Annum (JPY)	Lease Commencement Date	Lease Expiry Date	Non- cancellation Date	Lease Extension (Years)	Rental Revision Period (Years)	Rental Deposit (Months)
1.	Hikari Heights Varus Ishiyama	Hikari Heights Varus Co., Ltd	66,000,000	25 April 2013	24 April 2043	24 April 2021	5	2	6
2.	Hikari Heights Varus Tsukisamu- Koen	Hikari Heights Varus Co., Ltd	45,600,000	25 April 2013	24 April 2043	24 April 2022	5	2	6
3.	Hikari Heights Varus Fujino	Hikari Heights Varus Co., Ltd	103,200,000	25 April 2013	24 April 2043	24 April 2022	5	2	6
4.	Hikari Heights Varus Kotoni	Hikari Heights Varus Co., Ltd	324,000,000	25 April 2013	24 April 2043	24 April 2022	5	2	6
5.	Hikari Heights Varus Makomanai- Koen	Hikari Heights Varus Co., Ltd	232,800,000	25 April 2013	24 April 2043	24 April 2022	5	2	6
6.	Varus Cuore Yamanote	Hikari Heights Varus Co., Ltd	57,600,000	25 April 2013	24 April 2043	24 April 2023	5	2	6
7a.	Varus Cuore Sapporo-Kita	Hikari Heights Varus Co., Ltd	94,857,144	25 April 2013	24 April 2043	24 April 2022	5	2	6
7b.	Varus Cuore Sapporo-Kita Annex		54,000,000	30 September 2014	24 April 2043		5	2	6
8.	Elyision Gakuenmae	Safety Life Co., Ltd	83,904,000	25 April 2013	24 April 2043	24 April 2023	5	3	4
9.	Elyision Mamiogaoka & Elyision Mamiogaoka Annex	Safety Life Co., Ltd	134,640,000	25 April 2013	24 April 2043	24 April 2023	5	3	4
10.	Orchard Amanohashidate	Orchard Care Co., Ltd	54,720,000	25 April 2013	24 April 2043	24 April 2023	5	3	4
11.	Orchard Kaichi North	Orchard Care Co., Ltd	78,600,000	25 April 2013	24 April 2043	24 April 2023	5	3	4
12.	Orchard Kaichi West	Orchard Care Co., Ltd	28,716,000	25 April 2013	24 April 2043	24 April 2023	5	3	4

2.3 Structure of the Proposed Acquisition

It is proposed that First REIT will acquire a 100.0% interest in the Japan Nursing Homes through the acquisition by the Trustee of the JMF Sale Shares from OUELH.

JMF is a private company limited by shares incorporated in Singapore on 3 January 2013. JMF indirectly owns the Japan Nursing Homes, which are leased to independent nursing home operators, through OUELH Japan First *Tokutei Mokuteki Kaisha* (“**OUELH TMK (Japan)**”). OUELH TMK (Japan) holds the Japan Nursing Homes, as well as acts as lessor under the Master Lease Agreements entered into with the various local Japanese operators of the Japan Nursing Homes that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.

Tokutei Mokuteki Kaisha (“**TMK**”) refers to a special purpose company established under the Act on Securitization of Assets of Japan (“**Securitization Law**”), which is entitled to reduced tax rates (upon the acquisition of a real estate) provided certain criteria are met. A TMK can also constitute a tax pay-through entity (i.e., a taxable entity which can deduct dividends paid from its taxable income) if certain criteria are satisfied.

In order to be a tax-qualifying TMK, the shareholding structure of OUELH TMK (Japan) is as follows:

- (i) 75.0% of the specified equities¹ in OUELH TMK (Japan) are held by OUELH Japan One *ippan shadan hojin* (“**OUELH ISH (Japan)**”), which is a bankruptcy remote entity² established solely to act as a holder of the specified equities of OUELH TMK (Japan). OUELH ISH (Japan) has no potential income, loss or net worth. As at the Latest Practicable Date, JMF and Ms. Hiroko Takizawa, who is the representative director of OUELH ISH (Japan), each hold 50.0% of the issued and paid-up capital of OUELH ISH (Japan). Ms. Hiroko Takizawa is an independent professional third party member of OUELH ISH (Japan). Ms. Hiroko Takizawa and JMF, as the members of OUELH ISH (Japan), each have an equal voting right at OUELH ISH (Japan);
- (ii) 51.0% of the preferred equities³ in OUELH TMK (Japan) are held by OUELH Japan 1 *godo kaisha* (“**OUELH GK (Japan)**”), and together with JMF, OUELH TMK (Japan) and OUELH ISH (Japan), the “**JMF Group Companies**”), which is a limited liability company established under the Company Act of Japan. As at the Latest Practicable Date, JMF holds 100.0% of the issued and paid-up capital of OUELH GK (Japan); and
- (iii) the remaining 25.0% of the specified equities and 49.0% of the preferred equities of OUELH TMK (Japan) are held by JMF.

1 The equivalent of ordinary shares. The holders of specified equities are subordinated to the holders of the preferred equities in the distributions of the dividends from and at the time of winding-up, the residual assets of, the TMK. Usually, no dividend is distributed to the specified equity holders. Under the Securitization Law, the holders of the specified equities are entitled to vote at the general meetings of the equity holders. The transfer of a specified equity is subject to the approval of the TMK.

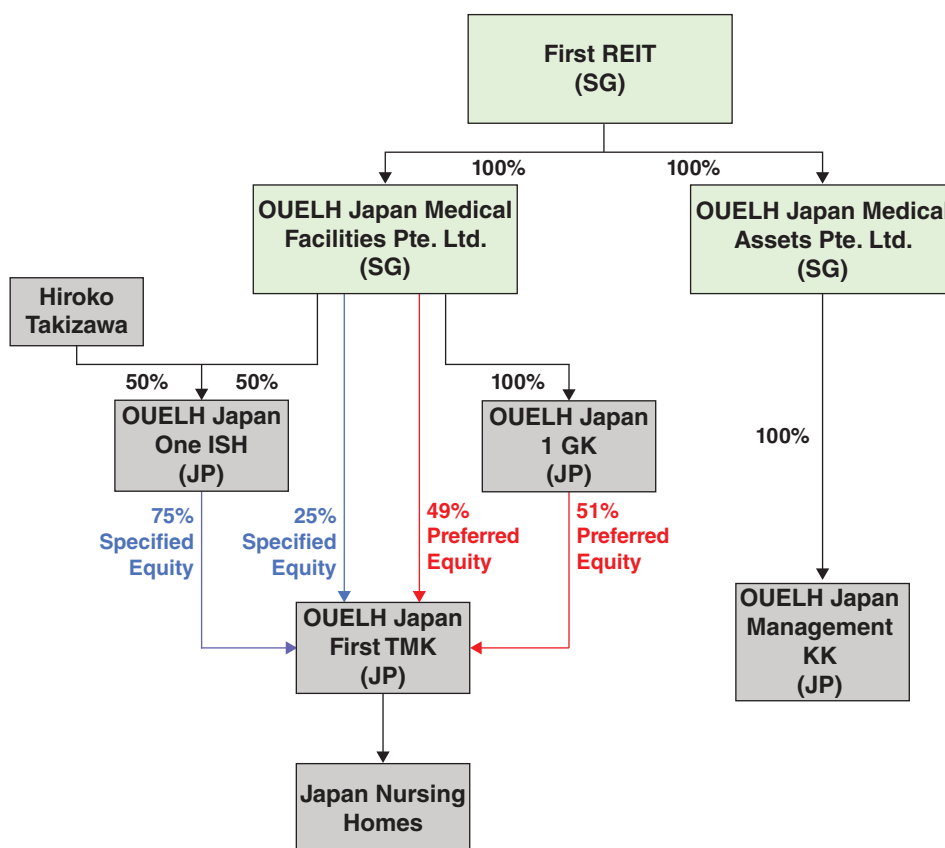
2 This refers to an entity formed to own a specific asset (which, in the case of OUELH ISH (Japan), would be the specified equities) while isolating financial risk and minimising bankruptcy risk. It is typically prohibited from incurring debt and is limited in its purpose and the activities in which it may engage (which, in the case of OUELH ISH (Japan), is to own the specified equities). Often, a person who is independent from an owner of the entity will take a seat of the governance of the entity so that the entity may not be affected by the bankruptcy risk of the owner.

3 The equivalent of preference shares, designed for investment by investors. The holders of preferred equities have the priority over the holders of the specified equities in the distributions of the dividends from and at the time of winding-up, the residual assets of, the TMK. Under the Securitization Law, except otherwise provided by law or the articles of incorporation of the TMK, the holders of the preferred equities are not entitled to vote at the general meeting of the equity holders. The restriction on the transfer of the preferred equity is prohibited.

In addition, it is proposed that First REIT will also acquire the JMA Sale Shares from OUELH as part of the Proposed Acquisition.

JMA is a private company limited by shares incorporated in Singapore on 2 October 2014. JMA in turn holds 100.0% of the total issued and paid-up capital in OUELH Japan Management Co., Ltd. (“HJKK”), a *kaishiki kaisha* company incorporated in Japan. JMA is part of the ownership holding structure for the Japan Nursing Homes as HJKK has issued interest-bearing bonds to OUELH TMK (Japan) to facilitate the repatriation of the net rental income of the Japan Nursing Homes.

The diagram below sets out the relationship between the various parties following completion of the Proposed Acquisition.



2.4 Purchase Consideration and Valuation

The Trustee has commissioned an independent valuer, CWKK, and the Manager has commissioned an independent valuer, CBRE, to respectively value each of the Japan Nursing Homes.

The Agreed Purchase Price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers, is JPY24,213 million and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Home¹ of JPY24,926 million as at 29 October 2021.

¹ Please refer to the respective tables for each of the Japan Nursing Homes under paragraph 2.1 of the Letter to Unitholders, which sets out a comparison of the Agreed Purchase Price for the Japan Nursing Homes against the two independent valuations in respect of each of the Japan Nursing Homes.

In arriving at the open market value of each of the Japan Nursing Homes, the Independent Valuers relied on the income approach utilising the discounted cash flow method. This approach considers the Japan Nursing Homes as income producing properties.

The JMF Purchase Consideration is estimated to be approximately S\$163.2 million (subject to post-completion adjustments) based on the estimated NAV of JMF as at completion of the Proposed JMF Acquisition, taking into account the Agreed Purchase Price for the Japan Nursing Homes.

(See Appendix C of this Circular for further details regarding the valuation of the Japan Nursing Homes.)

The JMA Purchase Consideration is estimated to be approximately S\$0.3 million (subject to post-completion adjustments) based on the estimated NAV of JMA as at completion of the Proposed JMA Acquisition.

2.5 Novation of Intercompany Balances

As at 30 September 2021, there were certain intercompany balances and other amounts between OUELH and the JMF Group Companies (the “**JMF Intercompany Balances**”), of which the net amount owed by OUELH to the JMF Group Companies was S\$9,477,225. At the completion of the Proposed JMF Acquisition, OUELH shall novate all of its rights, interests, obligations and liabilities under the JMF Intercompany Balances to the Trustee (the “**JMF Intercompany Balances Novation**”), and the Trustee shall assume all of such rights, interests, obligations and liabilities from OUELH under the JMF Intercompany Balances on and subject to the terms of the JMF Sale and Purchase Agreement and the novation deeds in respect of the JMF Intercompany Balances Novation.

The total consideration payable by OUELH to the Trustee for the JMF Intercompany Balances Novation shall be the sum of S\$9,477,225 and the net amount of any and all interest accruing to the relevant lender under the relevant JMF Intercompany Balances between 1 October 2021 and the completion of the Proposed JMF Acquisition, being the net amount owing by OUELH to the JMF Group Companies under the Intercompany Balances as at completion of the Proposed JMF Acquisition (the “**JMF Intercompany Balances Amount**”).

In addition, as at 30 September 2021, there were certain intercompany balances between OUELH or a subsidiary of OUELH and HJKK (the “**Initial JMA Intercompany Balances**”), of which the net amount owed by OUELH and the subsidiary of OUELH to HJKK was S\$6,784,368. On 1 November 2021, pursuant to a loan agreement between OUELH and JMA, a further S\$3,803,200 was owed by OUELH to JMA (the “**Further JMA Intercompany Balance**”), and together with the Initial JMA Intercompany Balances, the “**JMA Intercompany Balances**”). At the completion of the Proposed JMA Acquisition, OUELH shall novate, and shall procure the subsidiary of OUELH to novate, all of its rights, interests, obligations and liabilities under the JMA Intercompany Balances to the Trustee (the “**JMA Intercompany Balances Novation**”), and the Trustee shall assume all of such rights, interests, obligations and liabilities from OUELH and the subsidiary of OUELH under the JMA Intercompany Balances on and subject to the terms of the JMA Sale and Purchase Agreement, the JMF Sale and Purchase Agreement and the novation deeds in respect of the JMA Intercompany Balances Novation.

The total consideration payable by OUELH to the Trustee for the JMA Intercompany Balances Novation shall be the sum of S\$6,784,368, the principal amount of the Further JMA Intercompany Balance of S\$3,803,200 and the net amount of any and all interest accruing to the relevant lender under the relevant JMA Intercompany Balances between 1 October 2021 and the completion of the Proposed JMA Acquisition, being the net amount owing by OUELH and the subsidiary of OUELH to JMA and HJJK under the JMA Intercompany Balances as at completion of the Proposed JMA Acquisition (the “**JMA Intercompany Balances Amount**”).

The obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount shall be subject to net-off against the JMF Purchase Consideration payable in accordance with the terms of the JMF Sale and Purchase Agreement.

2.6 Estimated Total Acquisition Cost

The estimated Total Acquisition Cost is approximately S\$168.0 million, comprising:

- (i) the JMF Purchase Consideration of approximately S\$163.2 million;
- (ii) the JMA Purchase Consideration of approximately S\$0.3 million; and
- (iii) the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition of approximately S\$4.5 million.

To demonstrate its support for the Proposed Acquisition, the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

The estimated Total Acquisition Cost figures stated above are based on the balance sheets of JMF and JMA as at 30 September 2021 and are subject to post-completion adjustments based on the difference between the NAV of JMF and JMA as at 30 September 2021 and the completion date of the Proposed JMF Acquisition and the Proposed JMA Acquisition respectively, taking into account the Agreed Purchase Price for the Japan Nursing Homes. The post-completion adjustments shall take into account, among other things, (a) the net amount of any and all interest accruing to the relevant lender under the relevant JMF Intercompany Balances between 1 October 2021 and the completion of the Proposed JMF Acquisition; (b) the Further JMA Intercompany Balance that was incurred on 1 November 2021; and (c) the net amount of any and all interest accruing to the relevant lender under the relevant JMA Intercompany Balances between 1 October 2021 and the completion of the Proposed JMA Acquisition, as described at paragraph 2.5 of the Letter to Unitholders.

2.7 Method of Financing

The Manager intends to finance the Total Acquisition Cost, estimated to be approximately S\$168.0 million, through a combination of:

- (i) S\$131.5 million through the issue of the Consideration Units to OHI, which has been nominated by OUELH as the vendor of the JMF Sale Shares to receive the Consideration Units;
- (ii) S\$20.3 million through internal cash; and
- (iii) S\$16.2 million through a net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount.

2.8 Principal Terms and Conditions of the JMF Sale and Purchase Agreement

In connection with the Proposed JMF Acquisition, the Trustee had on 7 December 2021 entered into the JMF Sale and Purchase Agreement with OUELH to acquire the JMF Sale Shares.

The principal terms of the JMF Sale and Purchase Agreement include, among others:

- (i) the following conditions precedent:
 - (a) the passing at an extraordinary general meeting of OUELH of the resolutions to approve the proposed disposal of the JMF Sale Shares and the JMA Sale Shares;
 - (b) the passing at a general meeting of First REIT of a resolution to approve the Proposed Acquisition;
 - (c) the passing at a general meeting of First REIT of a resolution to approve the issue of the Consideration Units as part payment of the consideration for the Proposed JMF Acquisition;
 - (d) the receipt of a waiver from the SIC of the obligation on OHI to make a mandatory offer under Rule 14 of the Take-over Code;
 - (e) the passing at a general meeting of First REIT of a resolution by Unitholders other than OHI and its Concert Parties by way of a poll to waive their rights to receive a mandatory general offer under Rule 14 of the Take-over Code for Units not already owned or controlled by OHI and its Concert Parties;
 - (f) the receipt of approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Units, and there not having occurred any revocation, amendment or withdrawal of such approval and, if applicable, the conditions to such approval having been fulfilled on or before the date of completion of the Proposed JMF Acquisition;
 - (g) subject to Clause 3.3 of the JMF Sale and Purchase Agreement, none of the Japan Nursing Homes and the Plant and Equipment (as defined in the JMF Sale and Purchase Agreement) of each of the Japan Nursing Homes are materially damaged;
 - (h) the Vendor Warranties (as defined in the JMF Sale and Purchase Agreement) remaining true, accurate and not misleading in all material respects (or in the case of Vendor Warranties (as defined in the JMF Sale and Purchase Agreement) which are already qualified by materiality, true, accurate and not misleading in all respects) as at the date of completion of the Proposed JMF Acquisition;
 - (i) the Purchaser Warranties (as defined in the JMF Sale and Purchase Agreement) remaining true, accurate and not misleading in all material respects (or in the case of Purchaser Warranties (as defined in the JMF Sale and Purchase Agreement) which are already qualified by materiality, true, accurate and not misleading in all respects) as at the date of completion of the Proposed JMF Acquisition;

- (j) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for or in respect of the proposed sale of the JMF Sale Shares and the JMA Sale Shares and the novation of the JMF Intercompany Balances and the JMA Intercompany Balances having been obtained by OUELH from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Trustee and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect;
- (k) no statute, law, regulation or decision which would prohibit the sale and purchase of the JMF Sale Shares and the JMA Sale Shares or the novation of the JMF Intercompany Balances and the JMA Intercompany Balances or the operation of any of the JMF Group Companies and/or any of the Japan Nursing Homes having been proposed, enacted or taken by any governmental or official authority;
- (l) the written consent in a form and on terms (if any) reasonably satisfactory to the Trustee from the Trustee's existing financiers in respect of the assumption by the Trustee of the Guarantee of Specified Indemnified Obligations (for Specified Bondholder) dated 29 May 2020 executed by OUELH in favour of Shinsei Bank Limited ("**Shinsei Bank**") (the "**Shinsei Bank Guarantee**");
- (m) the written consent in a form and on terms (if any) reasonably satisfactory to the Trustee from Shinsei Bank in respect of:
 - (I) the novation of the Shinsei Bank Guarantee from OUELH to the Trustee or the termination of the Shinsei Bank Guarantee and the execution of a guarantee agreement by and between the Trustee and Shinsei Bank in the form and substance equivalent to the Shinsei Bank Guarantee (as the case may be);
 - (II) the change of the directors of OUELH TMK (Japan) (if applicable);
 - (III) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee; and
- (n) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee and Shinsei Bank, the cessation of the asset management business of HJKK (including the cancellation, termination, assignment and/or novation of substantially all licenses and agreements (including employment agreements, the asset management agreement between OUELH TMK (Japan) and HJKK and amendment of the Project Agreement dated 29 May 2020 executed between OUELH TMK (Japan), Shinsei Bank and HJKK)), and, to the extent required, the entry into such agreements or deeds to evidence the JMA Intercompany Balances on terms satisfactory to the Trustee acting reasonably; and

- (ii) that OUELH shall:
- (a) repair the list of agreed defects to the Japan Nursing Homes as set out in the JMF Sale and Purchase Agreement (the “**Existing Defects**”) within six months after completion of the Proposed JMF Acquisition (or such other time period as mutually agreed by OUELH and the Trustee) so that after such repair and/or replacement such Japan Nursing Home (the “**Repaired Property**”) will be in its normal condition and function prior to the occurrence of such damage, subject to fair wear and tear; and
 - (b) for so long as the works to repair the Existing Defects (“**Defects Works**”) are not completed and for the period commencing from (and including) the date of completion of the Proposed JMF Acquisition until the day:
 - (I) the Defects Works are substantially completed in compliance with the terms of the JMF Sale and Purchase Agreement;
 - (II) the Repaired Property or the replaced portion or part are satisfactory and acceptable to the Trustee, acting reasonably; and
 - (III) the Repaired Property is suitable for safe and orderly use,all of the foregoing to be confirmed in writing by the Trustee, acting reasonably (the “**Compensation Period**”), pay to the Trustee by way of compensation an amount equivalent to any reduction or loss of the rental fees, service charge, deposit and other moneys which OUELH and the Trustee mutually agree in writing would otherwise have been received by the Trustee during the Compensation Period had the Repaired Property or any part thereof not been so damaged or destroyed (as the case may be) (“**Compensation Amount**”), provided that OUELH shall not be required to pay any Compensation Amount for the requisite duration of the Compensation Period where the Defects Works cannot be undertaken by OUELH or its representatives, agents or contractors through no fault of OUELH.

For the avoidance of doubt, nothing in this paragraph 2.8(ii) shall extend the obligation of OUELH to repair Existing Defects to the extent that any new or further damage and/or defects have occurred as a result of or are attributable to any force majeure event or through any act, omission, negligence or default of the Trustee or its servants, employees, agents, representatives or contractors.

2.9 Principal Terms and Conditions of the JMA Sale and Purchase Agreement

In connection with the Proposed JMA Acquisition, the Trustee had on 7 December 2021 entered into the JMA Sale and Purchase Agreement with OUELH to acquire the JMA Sale Shares.

The principal terms of the JMA Sale and Purchase Agreement include, among others, the following conditions precedent:

- (i) the passing at an extraordinary general meeting of OUELH of the resolutions to approve the proposed disposal of the JMA Sale Shares and the JMF Sale Shares;
- (ii) the passing at a general meeting of First REIT of a resolution to approve the Proposed Acquisition;

- (iii) the passing at a general meeting of First REIT of a resolution to approve the issue of the Consideration Units as part payment of the consideration for the Proposed JMF Acquisition;
- (iv) the receipt of a waiver from the SIC of the obligation on OHI to make a mandatory offer under Rule 14 of the Take-over Code;
- (v) the passing at a general meeting of First REIT of a resolution by Unitholders other than OHI and its Concert Parties by way of a poll to waive their rights to receive a mandatory general offer under Rule 14 of the Take-over Code for Units not already owned or controlled by OHI and its Concert Parties;
- (vi) the receipt of approval-in-principle of the SGX-ST for the listing of and quotation for the Consideration Units, and there not having occurred any revocation, amendment or withdrawal of such approval and, if applicable, the conditions to such approval having been fulfilled on or before the date of completion of the Proposed JMA Acquisition;
- (vii) subject to clause 3.3 of the JMF Sale and Purchase Agreement, none of the Japan Nursing Homes and the Plant and Equipment (as defined in the JMA Sale and Purchase Agreement) of each of the Japan Nursing Homes are materially damaged;
- (viii) the Vendor Warranties (as defined in the JMA Sale and Purchase Agreement) remaining true, accurate and not misleading in all material respects (or in the case of Vendor Warranties (as defined in the JMA Sale and Purchase Agreement) which are already qualified by materiality, true, accurate and not misleading in all respects) as at the date of completion of the Proposed JMA Acquisition;
- (ix) the Purchaser Warranties (as defined in the JMA Sale and Purchase Agreement) remaining true, accurate and not misleading in all material respects (or in the case of Purchaser Warranties (as defined in the JMA Sale and Purchase Agreement) which are already qualified by materiality, true, accurate and not misleading in all respects) as at the date of completion of the Proposed JMA Acquisition;
- (x) the licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals necessary for or in respect of the proposed sale of the JMA Sale Shares and the JMF Sale Shares and the novation of the JMA Intercompany Balances and the JMF Intercompany Balances having been obtained by OUELH from third parties (including governmental or official authorities, courts or other regulatory bodies) on terms reasonably satisfactory to the Trustee and such licences, authorisations, orders, grants, confirmations, consents, permissions, registrations and other approvals remaining in full force and effect;
- (xi) no statute, law, regulation or decision which would prohibit the sale and purchase of the JMA Sale Shares and the JMF Sale Shares or the novation of the JMA Intercompany Balances and the JMF Intercompany Balances or the operation of any of the JMF Group Companies and/or any of the Japan Nursing Homes having been proposed, enacted or taken by any governmental or official authority;
- (xii) the written consent in a form and on terms (if any) reasonably satisfactory to the Trustee from the Trustee's existing financiers in respect of the assumption by the Trustee of the Shinsei Bank Guarantee;

- (xiii) the written consent in a form and on terms (if any) reasonably satisfactory to the Trustee from Shinsei Bank in respect of:
- (a) the novation of the Shinsei Bank Guarantee from OUELH to the Trustee or the termination of the Shinsei Bank Guarantee and the execution of a guarantee agreement by and between the Trustee and Shinsei Bank in the form and substance equivalent to the Shinsei Bank Guarantee (as the case may be);
 - (b) the change of the directors of OUELH TMK (Japan) (if applicable); and
 - (c) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee; and
- (xiv) the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee and Shinsei Bank, the cessation of the asset management business of HJKK (including the cancellation, termination, assignment and/or novation of substantially all licenses and agreements (including employment agreements, the asset management agreement between OUELH TMK (Japan) and HJKK and amendment of the Project Agreement dated 29 May 2020 executed between OUELH TMK (Japan), Shinsei Bank and HJKK)), and, to the extent required, the entry into such agreements or deeds to evidence the JMA Intercompany Balances on terms satisfactory to the Trustee acting reasonably.

2.10 Asset Management of the Japan Nursing Homes

It is intended that HJKK will be replaced as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee and Shinsei Bank. Accordingly, as mentioned at paragraphs 2.8(i)(n) and 2.9(xiv) of this Letter to Unitholders, completion of the Proposed JMF Acquisition is subject to and conditional upon satisfaction or waiver (as the case may be) of, among other conditions, the replacement of HJKK as the asset management company of OUELH TMK (Japan) with an asset management company agreed to by the Trustee and Shinsei Bank and the cessation of the asset management business of HJKK (including the cancellation, termination, assignment and/or novation of substantially all licenses and agreements (including employment agreements, the asset management agreement between OUELH TMK (Japan) and HJKK and amendment of the Project Agreement dated 29 May 2020 executed between OUELH TMK (Japan), Shinsei Bank and HJKK)).

2.11 Transfer of Contractual Status in Respect of Shinsei Bank Guarantee

On 27 May 2020, Shinsei Bank and OUELH TMK (Japan) had entered into a specified bond subscription agreement (*OUELH Japan First tokutei mokuteki kaisha dai-sankai ippann tannpo tsuki tokutei shasai (tekikaku kikan toshika gentei) sougaku hihyuke keiyaku*) (the “**Specified Bond Subscription Agreement**”), pursuant to which Shinsei Bank had agreed to subscribe for OUELH Japan First TMK Series 3 Specified Bonds with General Security (For Qualified Institutional Investors Only) (*OUELH Japan First tokutei mokuteki kaisha dai-sankai ippann tannpo tsuki tokutei shasai (tekikaku kikan toshika gentei)*). It was a condition to Shinsei Bank entering into the Specified Bond Subscription Agreement and the other related agreements (*kanren keiyaku*) that OUELH absolutely and unconditionally guaranteed to Shinsei Bank the prompt and unconditional payment and performance of certain obligations under the terms of the Shinsei Bank Guarantee.

Under the terms of the Shinsei Bank Guarantee, OUELH guarantees to Shinsei Bank the payment of any loss, damage, cost, expense, liability, claim or other payment obligation incurred by Shinsei Bank, arising out of or in connection with certain guaranteed obligations, including the following:

- (i) false representation or warranty due to bad faith, willful misconduct or gross negligence;
- (ii) occurrence of the fact that OUELH TMK (Japan) is found not to be the sole owner of the Japan Nursing Homes with a perfected and unencumbered title thereto; and
- (iii) any violation of certain representations and warranties or certain covenants of OUELH TMK (Japan).

On completion of the Proposed Acquisition and pursuant to the JMF Sale and Purchase Agreement and the JMA Sale and Purchase Agreement, it is intended that OUELH, the Trustee and Shinsei Bank will enter into a transfer of contractual status agreement (the “**Transfer of Contractual Status Agreement**”), pursuant to which OUELH shall transfer and assign to the Trustee, or have the Trustee accept and assume, all rights, title, interest, benefits, obligations, liabilities and debts in, to and under the Shinsei Bank Guarantee, thereby being released from all obligations, liabilities and debts under the Shinsei Bank Guarantee which would have accrued prior to a date to be agreed between OUELH and the Trustee, and the Trustee shall accept and assume all rights, title, interest and benefits in, to and under the Shinsei Bank Guarantee, pursuant to the terms and conditions of the Transfer of Contractual Status Agreement.

In approving the Proposed Acquisition, Unitholders will be deemed to have approved all documents required to be executed by the relevant parties in order to give effect to the Proposed Acquisition (including the Transfer of Contractual Status Agreement).

3. RESOLUTION 2: THE PROPOSED ISSUE OF 431,147,541 CONSIDERATION UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED JMF ACQUISITION

3.1 Proposed Issue of the Consideration Units

The Manager proposes to issue up to approximately S\$131.5 million worth of Consideration Units to OHI (being a wholly-owned subsidiary of OUELH), which has been nominated by OUELH to receive the Consideration Units, as partial consideration for the Proposed JMF Acquisition.

The aggregate number of Consideration Units to be issued will be derived in the following manner:

No. of Consideration Units = $Y \div \text{Consideration Unit Issue Price}$

Where:

“**Y**” means approximately S\$131.5 million, being a portion of the JMF Purchase Consideration.

“**Consideration Unit Issue Price**” means S\$0.305, being an issue price determined based on negotiations between the Manager and OUELH. The Consideration Unit Issue Price of S\$0.305 is equal to the closing price of S\$0.305 per Unit on the SGX-ST on 7 December 2021, being the date of the JMF Sale and Purchase Agreement.

Based on the above formulation, S\$131.5 million shall be satisfied by way of the issue of 431,147,541 Consideration Units at the issue price of S\$0.305 per Consideration Unit to OHI.

The Consideration Units shall be issued on the date of the completion of the Proposed JMF Acquisition and when issued, will be fully paid.

3.2 Distribution Periods

At present, the Manager implements quarterly distributions of First REIT's distributable income, with the last quarterly distribution announced for the period from 1 July 2021 to 30 September 2021 for Units traded under the "AW9U" counter.

The Consideration Units will only be entitled to participate in the distributable income of First REIT for the period from the date of their issue to the end of the relevant distribution period whereas the existing Units will be entitled to participate in the distributable income of First REIT for the entire relevant distribution period.

As the Consideration Units will not be entitled to participate in the distributable income of First REIT for the period from the start of the relevant distribution period to the day immediately prior to the date the Consideration Units are issued, it is necessary for the Consideration Units to trade under a separate stock counter for the period commencing from the date of issue of the Consideration Units to the last day of "cum-distribution" trading in respect of the relevant distribution period in which the Consideration Units are issued. After the last day of "cum-distribution" trading, the Consideration Units trading on the temporary stock counter as well as the existing Units will be aggregated and traded under the same stock counter on the next market day, i.e. the first day of "ex-distribution" trading for both the Consideration Units and the existing Units.

3.3 Status of the Consideration Units

The Consideration Units will not be entitled to distributions by First REIT for the period up to the day immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by First REIT from the date of their issue to the end of the distribution period in which the Consideration Units are issued, as well as all distributions thereafter. Other than the aforementioned, the Consideration Units, when issued and delivered in accordance with the terms of the JMF Sale and Purchase Agreement, will rank *pari passu* in all respects with all existing Units in issue as at the date prior to the date of issue of the Consideration Units.

3.4 Requirement of Independent Unitholders' Approval for the Proposed Issue of 431,147,541 Consideration Units as Partial Consideration for the Proposed JMF Acquisition

The Manager is seeking independent Unitholders' approval for the proposed issue of 431,147,541 Consideration Units pursuant to Rule 805(1) of the Listing Manual. For the avoidance of doubt, the Manager will not be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 27 April 2021 to issue the Consideration Units.

As OHI is a wholly-owned subsidiary of OUELH, and OUELH is a Controlling Shareholder of the Manager, the proposed issue of the Consideration Units to OHI will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and an Interested Party Transaction under the Property Funds Appendix, in respect of which the approval of independent Unitholders is required.

Accordingly, the Manager is seeking the approval of independent Unitholders by way of an Ordinary Resolution for the proposed issue of the Consideration Units to OHI (which has been nominated by OUELH to receive the Consideration Units) pursuant to Chapter 9 of the Listing Manual and the Property Funds Appendix.

4. RATIONALE FOR THE PROPOSED ACQUISITION

The Manager believes that the Proposed Acquisition will bring, among others, the following key benefits to Unitholders.

4.1 Strategic Entry into Attractive Japan Nursing Home Market with Strong Demand Drivers

The Proposed Acquisition marks First REIT's strategic entry into the attractive Japan nursing home market characterised by robust market fundamentals with (i) strong demand drivers, (ii) limited supply and (iii) highly defensive attributes as evidenced by the limited impact from the COVID-19 pandemic.

4.1.1 Rapidly Ageing Population Driving Surge in Demand for Nursing Home

According to the independent market research report issued by the Independent Market Research Consultant on 6 December 2021 (the "**Independent Market Research Report**"), Japan's population is ageing more rapidly than any other country, with the longest average life expectancy of 85 years. The proportion of people over the age of 65 is expected to reach approximately 35.3% of the total population of Japan by 2040, making it the first "super-aged" nation in the world. The number of people certified as requiring long-term senior care is increasing in line with the rise in the elderly population that has increased 1.5 times nationwide from March 2008 to March 2021 and this trend is expected to continue. At the same time, occupant rate¹ for fee-based homes for the elderly has increased from 74% in 2002, to 87% in 2019. Consequently, the market for fee-based homes for the elderly is expected to grow over the foreseeable future.

4.1.2 Nursing Homes are Considered Essential Services in Later Stages of Life

The Japanese society has come to welcome the availability of elderly support facilities after the Japanese government introduced long-term care insurance ("**LTCI**") more than 20 years ago, which is available to the elderly people who need long-term care services regardless of income levels. The initial generous support from the government resulted in healthy public support of the LTCI and was effective in removing much of the stigma associated with using the services on offer. Furthermore, shrinking household sizes in Japan have directly resulted in a larger proportion of senior citizens living alone, leading to the unavoidable need for senior care. Nursing homes in Japan are therefore considered an essential service in the later stages of a person's life.

4.1.3 Inadequate Supply of Fee-based Nursing Homes for Elderly

Despite the existing and anticipated surge in demand for senior care services, senior housing supply in Japan has not been able to keep up. This is partly due to labour shortage and government restrictions on building more elder care public facilities. Thus, high-quality private facilities are increasingly critical to meet the unmet demand. In 2019, approximately 292,000 elderly people were on the long waiting lists for placements in Designated Facilities Covered by Public Aid Providing Long-term Care to the Elderly (public sector nursing homes).

¹ Occupant rate is the ratio of the number of residents to the maximum capacity. Room occupancy rate is the ratio of the occupied rooms.

4.1.4 Limited Impact from the COVID-19 Pandemic is a Testament to the Defensiveness and Quality of the Nursing Home Market in Japan

The way in which countries have been coping with the COVID-19 pandemic, in terms of the number of cases and deaths due to the COVID-19 pandemic, is a testament to the quality and standards of a country's healthcare system. According to the Welfare and Medical Service Agency, in a questionnaire survey of 434 social welfare corporations operating special nursing homes, for the period from April 2020 to March 2021, revenue from facility residence was stable at many facilities, with 81% of facilities experiencing either revenue growth or same level of revenue.

Beyond the strong general market attributes of the Japan nursing home market, the Japan Nursing Homes are also located in regions with highly favourable characteristics and demographic traits that support and sustain the growth of nursing home demand.

<p>Sapporo, Hokkaido <i>Internationally Recognised Tourist Destination</i></p>	<p>Nara-Shi/Korycho, Nara <i>Home to Three of Japan's World Heritage Sites</i></p>
<ul style="list-style-type: none"> ✓ Sapporo-shi: Designated "Ordinance-designated city¹" in Japan ✓ Fifth-largest population in Japan ✓ Significant nursing care demand is predicted versus national average ✓ Limited new supply of fee-based nursing homes for elderly due to volume control by Sapporo-shi office 	<ul style="list-style-type: none"> ✓ Nara-Shi: Designated "core city²" in Japan; one of the most prominent tourist cities ✓ Korycho: Has idyllic scenery and Mamigaoka area, one of the most comfortable residential areas in Nara ✓ Significant nursing care demand is predicted versus national average
<p>Matsumoto, Nagano <i>Home to Matsumoto Castle, a National Treasure</i></p>	<p>Miyazu, Kyoto <i>Home to Amanohashidate, Japan's Top Three Scenic Spot</i></p>
<ul style="list-style-type: none"> ✓ Matsumoto-Shi: Designated "core city²" in Japan ✓ Most number of urban district shopping malls in Nagano ✓ Third-largest industrial manufacturing output in Nagano 	<ul style="list-style-type: none"> ✓ Location facing the Japan Sea ✓ Has only one fee-based home for the elderly with nursing care at 100% occupancy rate

1 An "Ordinance-designated city" is a Japanese city that has a population greater than 500,000 and has been designated as such by order of the Cabinet of Japan under Article 252, Section 19 of the Local Autonomy Law. There are 20 designated cities in total. Designated cities are required to subdivide themselves into wards, each of which has a ward office conducting various administrative functions for the city government, such as koseki and juminhyo resident registration and tax collection.

2 Core cities are generally cities whose populations are greater than 200,000. These core cities are delegated many functions normally carried out by prefectural governments, but not as many as designated cities.

4.2 Enlarged and Diversified Portfolio Positioned for Long-term Growth

The Japan Nursing Homes are a portfolio of 12 quality freehold nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto with a combined GFA of 90,989 sq m and 1,451 rooms, with a weighted average lease expiry (“WALE”) by GFA of 22 years.

The Proposed Acquisition will improve First REIT’s portfolio diversification and reduce its risk profile as highlighted below:

4.2.1 High-quality Defensive Portfolio with Strong Operators

Hikari Heights Varus Co., Ltd	Safety Life Co., Ltd	Orchard Care Co., Ltd
✓ Operates seven of the Japan Nursing Homes located in Sapporo	✓ Operates two of the Japan Nursing Homes located in Nara	✓ Operates three of the Japan Nursing Homes, two of which are located in Nagano and one of which is located in Kyoto
✓ Operating track record of over 34 years since 1987	✓ Operating track record of over 21 years since 2000	✓ Operating track record of over seven years since 2014
✓ Listed on Sapporo Stock Exchange with 320 employees	✓ Highly experienced and well-regarded nursing home operator in Nara	✓ Well-regarded and profitable nursing home operator
✓ Second-largest operator in Sapporo with nine facilities		
✓ High degree of recognition and credibility in Sapporo		

The Japan Nursing Homes are 100% master leased to master tenants who are well-established and experienced independent local nursing home operators. As at 30 September 2021, the Japan Nursing Homes had an average operational occupancy of over 90%¹, which is a reflection of the quality of the Japan Nursing Homes and their operators.

The nature of the Master Lease Agreements offers stability in tenancy and rental income for First REIT, with fixed rentals over the duration of the tenure and the possibility of negotiating a rental increase every two years² or three years³ upon negotiation based on the increase in Japan’s consumer price index and interest rates. Additionally, the rent may not be reduced unless certain requirements under Article 32 of the Act on Land and Building Leases⁴ are met. In addition, under the

1 Based on the unaudited information provided by OUE LH as at 30 September 2021.

2 In the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex.

3 In the case of Elysion Gakuenmae, Elysion Mamigaoka & Elysion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West.

4 Article 32 of the Act on Land and Building Leases states that a lessee may request a future decrease in the rent where the building rent becomes unreasonable, as a result of the increase or decrease in tax and other burden or fall in property price, or fluctuations in other economic areas exist.

terms of each of the Master Lease Agreements, the relevant master lessee is required to pledge to the lessor a rental deposit for an amount equal to six months¹ or four months² of the monthly rent payable by the relevant master lessee in accordance with the terms of the relevant Master Lease Agreement, which mitigates default risk.

To mitigate any disruption to the operation of each of the Japan Nursing Homes in the event of lease cancellation or termination, each of the Master Lease Agreements has a back-up operator clause which helps to ensure a smooth transition of operations to the back-up operator in an adverse event.

4.2.2 Enlarged Portfolio with Enhanced Flexibility, Ability to Drive Growth

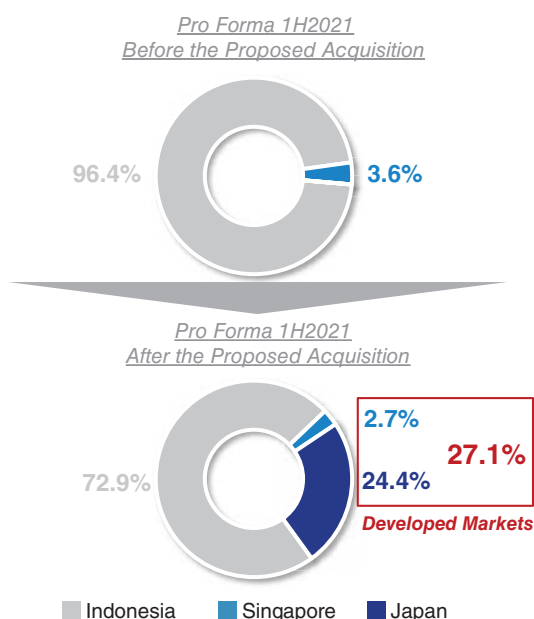
The value of First REIT's Deposited Property³ will increase by 29.1% from S\$1,016.5 million as at 30 June 2021 to S\$1,312.1 million after the completion of the Proposed Acquisition. First REIT's enlarged portfolio increases First REIT's ability to undertake larger transactions and enhances capital management flexibility. The enlarged scale also provides First REIT greater flexibility when conducting portfolio rebalancing as it further executes the First REIT 2.0 strategy.

4.2.3 Enhanced Portfolio Diversification and Defensiveness

The Proposed Acquisition will enhance First REIT's diversification and defensiveness across multiple dimensions including (i) geographical diversification, (ii) lease diversification and (iii) land tenure enhancement.

This enhances the defensiveness and resilience of the cash flow of First REIT, further enabling First REIT to pursue the First REIT 2.0 strategy to deliver long-term sustainable returns to Unitholders.

Geographical Diversification by Asset Value⁴



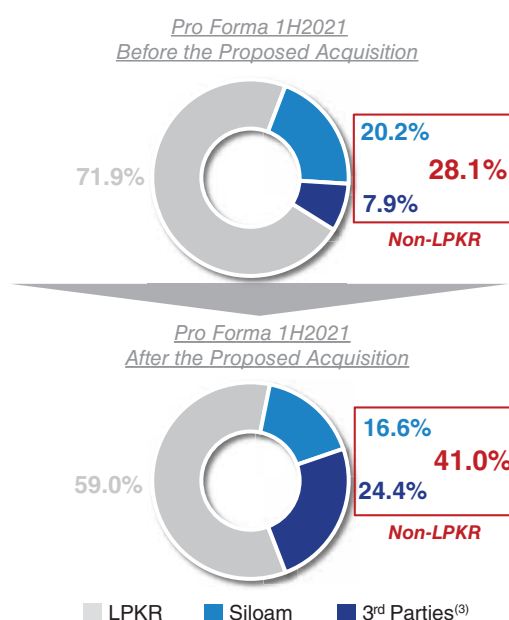
- 1 In the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex.
- 2 In the case of Elysiion Gakuenmae, Elysiion Mamigaoka & Elysiion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West.
- 3 "Deposited Property" refers to the total assets of First REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.
- 4 Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the Existing Portfolio as at 30 June 2021.

After the completion of the Proposed Acquisition, First REIT will increase its exposure to developed markets from 3.6% of its asset value amounting to S\$33.8 million as at the first six-month period of the financial year ending 31 December 2021 from 1 January 2021 to 30 June 2021 (“1H2021”) to 27.1% of its asset value amounting to S\$335.6 million on a *pro forma* basis.

4.2.4 Enhanced Third-party Tenant Diversification

The Japan Nursing Homes are directly master leased to third-party tenant-cum-operators. Following the Proposed Acquisition, the rental income derived by First REIT from third parties¹ will increase by 16.6% from 7.9% of its rental income amounting to S\$3.0 million as at 1H2021 to 24.4% of its rental income amounting to S\$11.5 million. The Proposed Acquisition is expected to benefit Unitholders by improving tenant diversification and by reducing the concentration risk of First REIT’s sources of rental income.

Lease Diversification by Rental Income²

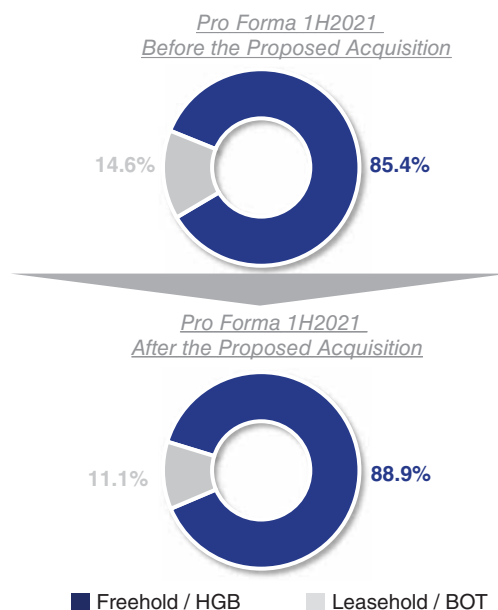


4.2.5 Increased Proportion of Freehold Assets

The Japan Nursing Homes are freehold assets. Following the completion of the Proposed Acquisition, 88.9% of First REIT’s portfolio will consist of freehold or *Hak Guna Bangunan* (“HGB”) assets as at 30 June 2021, significantly improving the quality of land tenure for the Enlarged Portfolio³.

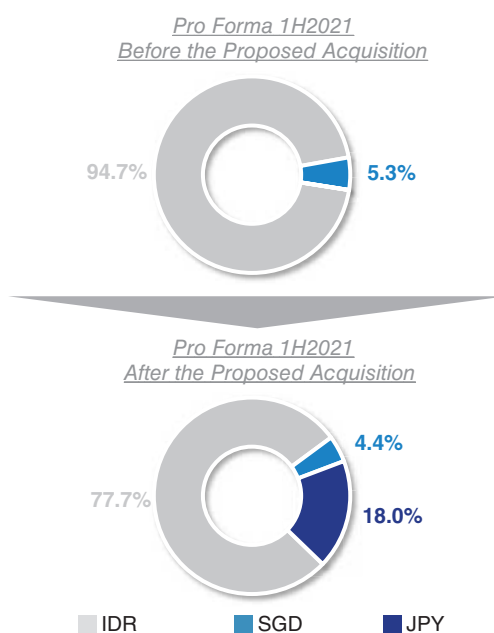
1 Third parties refer to tenants who are unrelated to LPKR, PT Siloam International Hospitals Tbk or their subsidiaries.
 2 Rental income from third parties refers to rental income derived from PT Metropolis Propertindo Utama, tenants of Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence and tenants of the Japan Nursing Homes, but excludes that of Sarang Hospital.
 3 “Enlarged Portfolio” refers to the Existing Portfolio and the Japan Nursing Homes.

Land Tenure Enhancement by Asset Value¹



4.2.6 Reduced Rental Income Volatility from Exchange Rate Fluctuation

Geographical Diversification by Rental Income²



On a rental income basis, after the completion of the Proposed Acquisition, First REIT will increase its exposure to Japanese Yen to 18.0% of its rental income on a *pro forma* basis.

1 Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the Existing Portfolio as at 30 June 2021. Land tenure by value; the two types of property titles in Indonesia are Freehold/HGB; and Leasehold/Build, Operate and Transfer (“BOT”), which includes Strata Title on BOT and Normal Title on BOT.

2 Based on rental income received as of 1H2021; but excluding the rental income from Sarang Hospital.

With First REIT's increased exposure to Japanese Yen, the Proposed Acquisition is expected to help hedge against fluctuation in exchange rate given low correlation between SGD-IDR and SGD-JPY.

5-Year Historical SGD-IDR and SGD-JPY¹

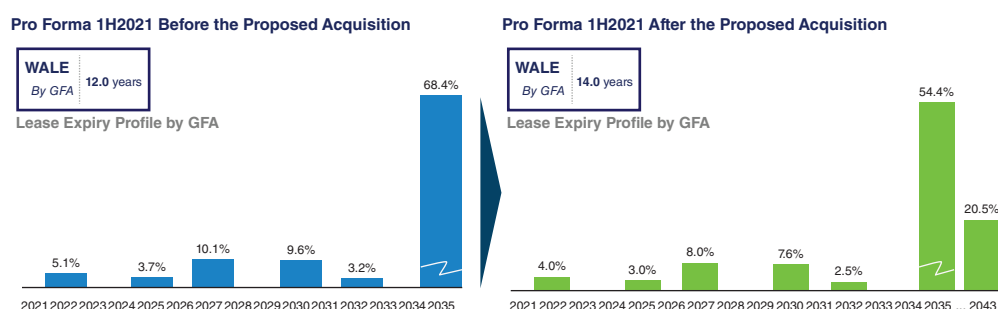


4.2.7 Improved Rental Stability and Weighted Average Lease Expiry

The Proposed Acquisition is expected to provide high income stability and cashflow visibility to First REIT. As at 30 June 2021, the Japan Nursing Homes had an aggregate WALE of 22 years. Each of the Japan Nursing Homes has a long-term Master Lease Agreement with its master tenant until the lease expiry date of 24 April 2043.

Upon completion of the Proposed Acquisition, the WALE by GFA of First REIT will improve from approximately 12 years as at 30 June 2021 to approximately 14 years.

Lease Expiry Profile²



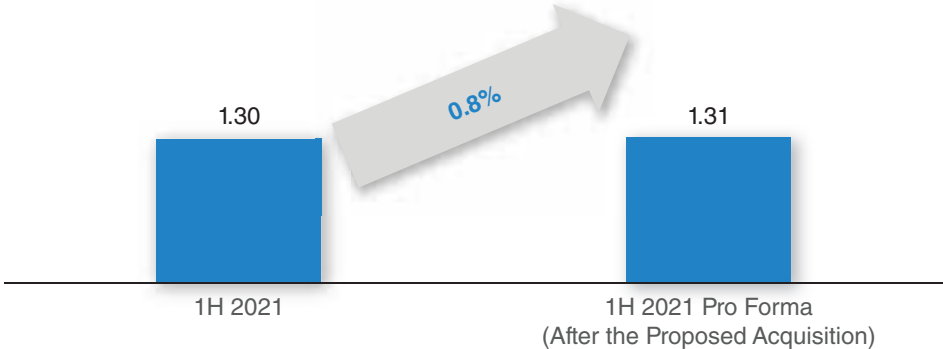
1 FactSet (as of 3 December 2021)

2 Based on the Existing Portfolio, including the renewed master lease agreement in respect of Imperial Aryaduta Hotel & Country Club as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.

4.3 Proposed Acquisition is DPU Accretive to Unitholders on a Pro Forma Basis

The Proposed Acquisition is expected to be DPU accretive on a *pro forma* basis. Based on the *pro forma* financial effects for the Proposed Acquisition on the DPU for 1H2021, the DPU is expected to increase from 1.30 Singapore cents to 1.31 Singapore cents or by approximately 0.8%.

Pro Forma 1H 2021 DPU (For Illustrative Purposes Only)



On a *pro forma* basis for the financial year ended 31 December 2020 (“**FY2020**”), First REIT’s *pro forma* DPU for FY2020 will increase from 4.15 Singapore cents to 4.49 Singapore cents, translating to a *pro forma* DPU accretion of 8.2%. However, since the audited consolidated financial statements of First REIT and its subsidiaries for FY2020 (the “**FY2020 Audited Consolidated Financial Statements**”) were filed before the completion of the restructuring of certain master leases involving First REIT as first announced on 29 November 2020, the *pro forma* FY2020 financials do not form a meaningful basis of comparison.

Please refer to paragraph 9 of this Letter to Unitholders for the *pro forma* financial effects of the Proposed Acquisition.

Following completion of the Proposed Acquisition, First REIT will have an enlarged asset base with healthy debt headroom, providing enhanced flexibility and ability to drive future growth and diversification from capitalising on OUE and its subsidiaries’ (the “**OUE Group**” or the “**Sponsor**”) network and also through third party acquisitions.

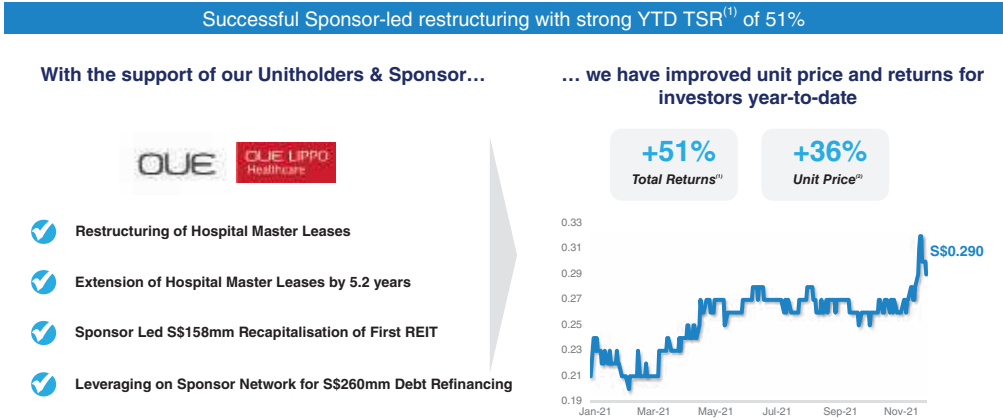
4.4 Proposed Acquisition is Consistent with the First REIT 2.0 Strategy and Reflects the Sponsor’s Commitment to First REIT

4.4.1 The Proposed Acquisition is Consistent with the First REIT 2.0 Strategy

The Proposed Acquisition is a key component in First REIT’s announced vision to transform First REIT to become Asia’s Premier Healthcare Trust through a 3-stage process.



Since the successful Sponsor-led restructuring, First REIT has performed strongly delivering total Unitholder return of 51% with a 36% increase in unit price between January 2021 and end-November 2021 and positions First REIT well to now embark on the next stage of its 2.0 growth strategy.



Source: FactSet (as of 30 November 2021)

(1) Refers to Total Shareholder Returns; based on compound total return with dividends assumed to be reinvested on the exdate

(2) Based on share price of S\$0.214 as at 1 January 2021 and S\$0.290 as at 30 November 2021

The Proposed Acquisition, which represents First REIT’s strategic entry into the highly attractive Japan nursing home market, is in line with the First REIT 2.0 strategy to achieve sustainable growth to Unitholders.

Benchmark Healthcare-focused REIT Positioned to Capture the Tailwinds in the Healthcare Real Estate Market with a Focus on 4 Strategic Pillars:



Diversify into Developed Markets

Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years



Reshape Portfolio for Capital Efficient Growth

Recycle capital from non-core, non-healthcare assets



Strengthen Capital Structure to Remain Resilient

Diversify funding sources and continue to optimise financial position



Continue to Pivot to Ride Megatrends

Environmental, Social, and Governance (“ESG”), ageing population demographics and growth drivers

First REIT is well-positioned to capitalise on the growth potential in the healthcare sector through the OUE Group’s deal sourcing capability and strong networks and First REIT is expected to benefit from future opportunities to tap on OUE’s growing healthcare network across Pan-Asia.

Following the completion of the Proposed Acquisition, First REIT’s Aggregate Leverage¹ will be approximately 36.4% on a 1H2021 *pro forma* basis and will have a debt headroom of up to S\$358.0 million based on an Aggregate Leverage of 50% to fund acquisition growth.

4.4.2 The Proposed Acquisition Reflects the Sponsor’s Commitment to the First REIT 2.0 Strategy

First REIT is the exclusive healthcare real estate investment trust vehicle of the Sponsor, the OUE Group. The OUE Group is committed to the growth and success of First REIT. The Proposed Acquisition reflects the OUE Group’s commitment to the First REIT 2.0 strategy to pursue accretive growth, rebalance its portfolio and diversify income streams geographically into new markets.

The Proposed Acquisition is aligned with Unitholder interests and as a strong show of support to First REIT, the Sponsor has provided three pillars of support to First REIT in the Proposed Acquisition, which has enabled First REIT to deliver a DPU accretive transaction on a *pro forma* basis.

- **Agreed Purchase Price Discount:** 2.9% (JPY0.7 billion) and 3.8% (JPY1.0 billion) discount to the aggregate of the averages and the higher of the two independent valuations of each Japan Nursing Home respectively;

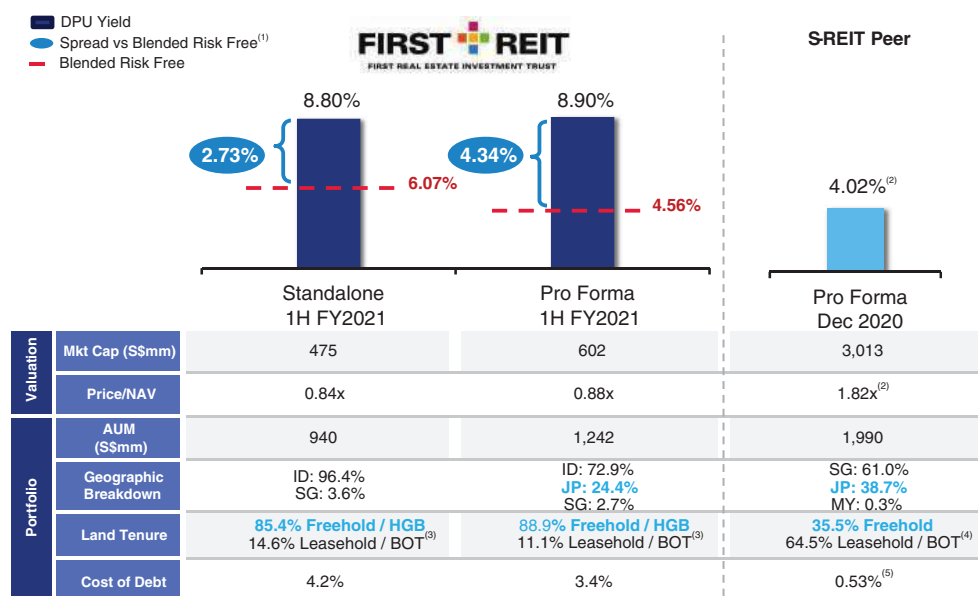
¹ “Aggregate Leverage” refers to the ratio of the value of borrowings and deferred payments (if any) to the value of First REIT’s Deposited Property.

- **Equity Issuance at a Premium to Market Price:** Approximately 78.3% of the Purchase Consideration or S\$131.5 million will be funded by the issuance of approximately 431 million new Units at a 9.3% premium to First REIT's 3-month VWAP¹ of S\$0.279; and
- **Waiver of Acquisition Fees:** The Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million.

4.5 Positions First REIT Competitively to Peer

After the completion of the Proposed Acquisition, First REIT will offer an annualised 1H2021 *pro forma* distribution yield of approximately 8.9%² which represents an implied yield spread of approximately 4.3% spread over its 1H2021 *pro forma* blended risk free rate of approximately 4.6%³.

Backed by a 100% fully occupied predominantly freehold/HGB portfolio of hospitals and nursing homes, this presents an attractive opportunity for investors to gain access to exposure to the unique healthcare sector where there is only one other listed peer in Singapore.



Source: Company Filings, Factset (as at 6 Dec 2021), Bloomberg (as at 6 Dec 2021)

- (1) Computed as DPU Yield over blended risk free spread. Blended risk free spread is computed based on the pro-rata asset contribution from Indonesia (72.3%, Rf: 6.24%), Singapore (2.7%, Rf: 1.68%) and Japan (25.0%, Rf: 0.00475%)
- (2) Based on reported Pro Forma financials of S-REIT Peer as at 31 December 2020 with effects of Proposed entry into New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement announced on 14 July 2021. Note that the Renewal Capex Works will take ~3 years to complete.
- (3) Based on the Agreed Purchase Price of the Japan Nursing Homes as at 29 October 2021 and the Existing Portfolio as at 30 June 2021. Land tenure by value; the two types of property titles in Indonesia are Freehold / HGB; and Leasehold / BOT, which includes Strata Title on BOT and Normal Title on BOT.
- (4) Based on latest appraised value per investor presentation dated 3 November 2021
- (5) Based on effective all-in cost of debt per investor presentation dated 3 November 2021
- (6) Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021

1 Refers to Volume-Weighted Average Price over the preceding 3-month period as of 6 December 2021.

2 Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021.

3 Computed based on the blended 10-year government bond yield by geographical mix of asset value as at 1H2021 including the *pro rata* asset contribution from Indonesia (72.3%, Risk free rate: 6.24%), Singapore (2.7%, Risk free rate: 1.68%) and Japan (25.0%, Risk free rate: 0.00475%).

5. RESOLUTION 3: THE PROPOSED WHITEWASH RESOLUTION

5.1 Rule 14 of the Take-over Code

The Manager is seeking approval from the Independent Unitholders for a waiver of their right to receive a Mandatory Offer from OHI, in the event that OHI incurs an obligation to make a Mandatory Offer as a result of the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of the Consideration Units as partial consideration for the Proposed JMF Acquisition.

Upon the receipt by OHI of the Consideration Units, OHI and its Concert Parties may possibly end up acquiring units which exceeds the threshold pursuant to Rule 14.1(a) of the Take-over Code.

Rule 14.1(a) of the Take-over Code states that OHI and its Concert Parties would be required to make a Mandatory Offer, if OHI and its Concert Parties acquire whether by a series of transactions over a period of time or not, Units which (taken together with the Units held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of First REIT.

5.2 Unitholding of OHI and its Concert Parties in First REIT

To the best of the knowledge of the Manager, OHI and its Concert Parties hold, in aggregate, 471,614,118 Units representing approximately 29.24% of the voting rights of First REIT as at the Latest Practicable Date.

5.3 Trigger of the Requirement to Make the Mandatory Offer

Further to the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of 431,147,541 Consideration Units and to the best of the knowledge of the Manager, OHI and its Concert Parties would hold an aggregate indirect interest in 902,761,659 Units, representing approximately 44.16% of the total number of Units in issue immediately following the issue of the Consideration Units, which will result in OHI and its Concert Parties holding more than 30% of the voting rights of First REIT and thereby trigger the requirement for OHI and its Concert Parties to make a Mandatory Offer.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Take-over Code, OHI and its Concert Parties would then be required to make a Mandatory Offer. The SIC has granted this waiver on 22 November 2021 subject to, *inter alia*, Resolution 3 (the proposed Whitewash Resolution) being approved by Independent Unitholders at the EGM.

The following table sets out the respective unitholdings of OHI and its Concert Parties if OHI (which has been nominated by OUELH to receive the Consideration Units) receives approximately 431,147,541 Consideration Units (at an issue price of S\$0.305 per Consideration Unit):

	As at the Latest Practicable Date	After the Issuance of 431,147,541 Consideration Units
Issued Units	1,613,028,634	2,044,176,175
Number of Units held by OHI and its Concert Parties	471,614,118	902,761,659
Number of Units held by Unitholders, other than OHI and its Concert Parties	1,141,414,516	1,141,414,516
% of issued Units held by OHI and its Concert Parties	29.24%	44.16%
% of issued Units held by Unitholders, other than OHI and its Concert Parties	70.76%	55.84%

5.4 Application for a Waiver from Rule 14 of the Take-over Code

An application was made to the SIC on 21 October 2021 for the waiver of the obligation of OHI and its Concert Parties to make a Mandatory Offer under Rule 14 of the Take-over Code should the obligation to do so arise as a result of the issue of the Consideration Units. The SIC granted the SIC Waiver on 22 November 2021, 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 Consideration Units, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from OHI;
- (ii) the Whitewash Resolution is separately from other resolutions;
- (iii) OHI and its concert parties abstain from voting on the Whitewash Resolution;
- (iv) OHI 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 this Circular):
 - (a) during the period between the first announcement of the Proposed Acquisition and the date on which the Independent Unitholders' approval is obtained for the Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Proposed Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Proposed Acquisition;

- (v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;
- (vi) First REIT sets out clearly in this Circular:
 - (a) details of the proposed Acquisition and the proposed issue of the Consideration Units to OHI;
 - (b) the dilution effect to existing Unitholders of voting rights upon the issue of the Consideration Units to OHI;
 - (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 in First REIT held by OHI and its Concert Parties as at the Latest Practicable Date;
 - (d) the number and percentage of voting rights to be acquired by OHI upon the issue of the Consideration Units; and
 - (e) specific and prominent reference to the fact that Unitholders of First REIT, by voting for the Whitewash Resolution, are waiving their rights to a general offer from OHI (which has been nominated by OUELH to receive the Consideration Units) at the highest price paid by OHI and its Concert Parties for Units in First REIT in the six months preceding the commencement of the offer;
- (vii) this Circular states that the waiver granted by SIC to OHI and its Concert Parties from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions set out in sub-paragraphs 5.4(i) to (vi) above;
- (viii) OHI obtains SIC's approval in advance for the parts of this Circular that refer to the Whitewash Resolution; and
- (ix) to rely on the Whitewash Resolution, approval of the Whitewash Resolution must be obtained within 3 months of the date of the SIC Waiver and the acquisition of the Consideration Units by OHI must be completed within three months of the date of approval of the Whitewash Resolution.

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to a general offer from OHI at the highest price paid by OHI and its Concert Parties for Units in First REIT in the past six months preceding the commencement of the offer.

5.5 Units Previously Issued to the Manager in Payment of Fees

Under paragraph 2(d) of Appendix 1 of the Take-over Code, a condition to a waiver to Rule 14 of the Take-over Code is that OHI 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 this Circular) (i) during the period between the first announcement of the Proposed Acquisition and the date the Unitholders' approval is obtained for the Whitewash Resolution and (ii) in the six months prior to the first announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager ("**Directors**") in relation to the Proposed Acquisition (the "**Relevant Period**").

In this regard, it is disclosed that the Manager has received Units as payment for part of its management fees on 26 October 2021, 29 July 2021 and 4 May 2021 during the Relevant Period. The acquisition of these Units do not constitute a breach of paragraph 2(d) of Appendix 1 of the Take-over Code as these are new Units issued for the purpose of payment of the Manager's management fees.

5.6 Rationale for the Proposed Whitewash Resolution and the Proposed Issue of the Consideration Units

The proposed Whitewash Resolution is to enable OHI to receive the Consideration Units (as the nominee of OUELH) as partial consideration for the Proposed JMF Acquisition.

The Manager is of the view that allowing OHI (being a wholly-owned subsidiary of OUELH which has been nominated by OUELH to receive the Consideration Units) to be issued the Consideration Units will demonstrate the long-term commitment of the Manager and OUE to First REIT. It will also further align the interests of the Manager and OUE with Unitholders, incentivising the Manager to raise the performance of First REIT to the benefit of Unitholders.

Unitholders should note that Resolution 1 (the Proposed Acquisition) and Resolution 2 (the proposed issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

6. RESOLUTION 4: THE PROPOSED SETTLEMENT

6.1 Background

As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK in connection with the Development Works, pursuant to the Development Works Agreement. The new hospital to be developed was to be a new healthcare facility. The Road Subsidence had had a serious impact on the Development Works, which were no longer progressing. Pursuant to the Development Works Agreement, PT TPI had the right to terminate the Development Works Agreement in the event the Development Works remained uncompleted by 28 June 2020. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement.

6.2 Amounts to Which PT TPI is Entitled

Pursuant to the Development Works Agreement, PT TPI is entitled to be paid S\$27,000,000.00 (being the aggregate of the Progress Payments), the Interest on the Progress Payments amounting to an aggregate of S\$2,688,164.38, as well as the sum of S\$918,093.60 (being the aggregate of the Project Expenses which the Trustee has incurred on behalf of PT TPI). As the Trustee has paid and incurred the Project Expenses on behalf of PT TPI in the course of the Development Works, PT TPI has designated the payment of the Project Expenses to be made directly to the Trustee.

6.3 Principal Terms and Conditions of the Settlement Agreements

Principal Terms and Conditions of the Progress Payments Settlement Agreement

6.3.1 In connection with the Proposed Settlement, PT TPI had on 7 December 2021 entered into the Progress Payments Settlement Agreement with PT SK to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments and the Interest.

6.3.2 In addition, the Progress Payments Settlement Agreement sets out the following principal terms in relation to the Proposed Settlement:

- (i) PT SK shall make payment to PT TPI of the amount of the Progress Payments of IDR281,250,090,000 (equivalent to S\$27,000,000.00) and the Interest of IDR28,001,721,252 (equivalent to S\$2,688,164.38), in instalments comprising:
 - (a) IDR6,377,286,416 by 31 January 2022, being the first instalment of the Interest;
 - (b) IDR15,940,764,476 by 28 February 2022, being the second instalment of the Interest;
 - (c) IDR5,683,670,360 and IDR10,257,094,116 by 31 March 2022, being the final instalment of the Interest and the first instalment of the Progress Payments respectively;
 - (d) IDR47,822,293,428 by 30 April 2022, being the second instalment of the Progress Payments;
 - (e) IDR79,703,822,380 by 31 May 2022, being the third instalment of the Progress Payments; and
 - (f) IDR143,466,880,076 by 30 June 2022, being the final instalment of the Progress Payments.

The amounts stated above are based on the agreed exchange rate of S\$1.00 = IDR10,416.67; and

- (ii) subject to the concurrent performance in full of the parties' obligations under the Project Expenses Settlement Agreement, each party to the Progress Payments Settlement Agreement confirms that it has no outstanding claims whatsoever against the other party under the Development Works Agreement (which shall include, but is not limited to, claims for antecedent breaches by the Development Works Agreement Parties of the Development Works Agreement (if any)).

Principal Terms and Conditions of the Project Expenses Settlement Agreement

- 6.3.3** In connection with the Proposed Settlement, PT TPI had on 7 December 2021 entered into the Project Expenses Settlement Agreement with PT SK and the Trustee to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Project Expenses incurred by the Trustee on behalf of PT TPI.
- 6.3.4** In addition, the Project Expenses Settlement Agreement sets out the following principal terms in relation to the Proposed Settlement:
- (i) PT SK shall make payment to the Trustee of the aggregate amount of the Project Expenses incurred of S\$918,093.60 by 31 January 2022; and
 - (ii) subject to the concurrent performance in full of the Development Works Agreement Parties' obligations under the Progress Payments Settlement Agreement, each Development Works Agreement Party confirms that it has no outstanding claims whatsoever against the other Development Works Agreement Party under the Development Works Agreement (which shall include, but is not limited to, claims for antecedent breaches by the Development Works Agreement Parties of the Development Works Agreement (if any)).

6.4 Use of Aggregate Settlement Amount

The Manager intends to use the Aggregate Settlement Amount to pare down existing loans and/or for working capital purposes.

7. RATIONALE FOR THE PROPOSED SETTLEMENT

As announced on 21 October 2015, First REIT through PT TPI entered into the Development Works Agreement, with the intent to develop a new healthcare hospital to replace Siloam Hospitals Surabaya. It was intended that First REIT would have received a new healthcare facility by the first long stop date of the Development Works Agreement, being 28 June 2020.

On 29 June 2020, given that the Development Works were no longer progressing due to the Road Subsidence that took place on 18 December 2018, the Manager announced that PT TPI served a termination notice to PT SK to terminate the Development Works Agreement. Accordingly, the desired outcome to swap the ageing Siloam Hospitals Surabaya with a new healthcare facility did not materialise.

As at 7 December 2021, PT TPI has made progress payments to PT SK under the Development Works Agreement amounting to an aggregate of S\$27,000,000.00. In addition, as at 28 June 2020, the Trustee has incurred reasonable costs, fees, expenses and other payments on behalf of PT TPI under the Development Works Agreement amounting to an aggregate of S\$918,093,60.

Since the Road Subsidence, the Manager had commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields, to determine the possibility of conducting future construction works on the site should the project be revived.

LPKR had also indicated that as there were still ongoing investigations into the Road Subsidence, possible and ongoing legal action and the pending outcome of an insurance claim, more time was necessary to propose a plan for the full and final settlement of all outstanding obligations between PT SK and PT TPI in connection with the Development Works Agreement.

Having concluded the studies, the Manager was of the view that re-commencing construction works would not be straightforward and will entail further development risks. As such, First REIT will not be participating in any further development plans by LPKR and the Proposed Settlement provides finality to the Development Works Agreement and allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement.

8. REQUIREMENT OF INDEPENDENT UNITHOLDERS' APPROVAL

8.1 Interested Person Transactions and Interested Party Transactions

8.1.1 Related Party Transactions

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

Based on the FY2020 Audited Consolidated Financial Statements, the audited NTA of First REIT attributable to Unitholders was S\$403.1 million as at 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by First REIT with an Interested Person is, either in itself or in aggregate with all other earlier transactions (each of a value equal to or greater than S\$100,000) entered into with the same Interested Person during the current financial year, equal to or in excess of S\$20.2 million, such a transaction would be subject to Unitholders' approval.

Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an Interested Party Transaction by First REIT which value (either in itself or when aggregated with the value of other transactions with the same Interested Party during the current financial year) exceeds 5.0% of First REIT's latest audited NAV.

Based on the FY2020 Audited Consolidated Financial Statements, the audited NAV attributable to Unitholders was S\$403.1 million as at 31 December 2020. Accordingly, if the value of a transaction which is proposed to be entered into by First REIT with an Interested Party is, either in itself or in aggregate with all other earlier transactions entered into with the same Interested Party during the current financial year, equal to or greater than S\$20.2 million, such a transaction would be subject to Unitholders' approval.

8.1.2 The Proposed Acquisition

As at the Latest Practicable Date, OUELH holds, through its wholly-owned subsidiary, OHI, and the Manager (of which OUELH owns 40.0%), an aggregate interest in 411,245,744 Units, which is equivalent to approximately 25.50% of the Units, and is therefore regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as OUELH owns 40.0% of the shares in the Manager, OUELH is therefore regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, OUEH (being a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed Acquisition is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

Given that the aggregate value of the Purchase Consideration of approximately S\$163.5 million (which is approximately 40.6% of the audited NTA and audited NAV attributable to Unitholders as at 31 December 2020) exceeds the said thresholds, the Proposed Acquisition is subject to the approval of the independent Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In approving the Proposed Acquisition, Unitholders will be deemed to have approved all documents required to be executed by the relevant parties in order to give effect to the Proposed Acquisition (including the Transfer of Contractual Status Agreement).

8.1.3 The Proposed Settlement

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 466,361,549 (or approximately 28.91%) of the Units, and are therefore each regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

Based on the latest information available to the Manager as at 31 December 2021, Dr Stephen Riady and Mr James Tjahaja Riady were each deemed to be interested in an aggregate of 41,844,108,005 (or approximately 59.02%) of the shares in LPKR.

PT SK is an indirect wholly-owned subsidiary of LPKR. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100.0% of the shares in PT SK and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, PT SK (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed Settlement is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

Given that the aggregate value of the Proposed Settlement of approximately S\$30.6 million (which is approximately 7.6% of the audited NTA and audited NAV attributable to Unitholders as at 31 December 2020) exceeds the said thresholds, the Proposed Settlement is subject to the approval of the independent Unitholders pursuant to Rule 906(1)(a) of the Listing Manual and Paragraph 5.2(b) of the Property Funds Appendix.

In approving the Proposed Settlement, Unitholders will be deemed to have approved all documents required to be executed by the relevant parties in order to give effect to the Proposed Settlement.

8.2 Major Transaction

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

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by First REIT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (a) the NAV of the assets to be disposed of, compared with First REIT's NAV;
- (b) the net profits attributable to the assets acquired, compared with First REIT's net profits;
- (c) the aggregate value of the consideration given, compared with First REIT's market capitalisation; and
- (d) the number of Units issued by First REIT as consideration for an acquisition, compared with the number of Units previously in issue.

Where any of the relative figures computed on the bases set out above exceeds 20.0%, the transaction is classified as a major transaction.

Rule 1006(a) of the Listing Manual is not applicable to the Proposed Acquisition as First REIT will not be disposing of any assets under the Proposed Acquisition.

The relative figures computed on the applicable bases set out in Rules 1006(b), 1006(c) and 1006(d) of the Listing Manual in respect of the Proposed Acquisition are as follows:

	Proposed Acquisition (S\$ million)	First REIT (S\$ million)	Relative Figure (%)
<u>Rule 1006(b)</u> Net Property Income ⁽¹⁾	7.6 ⁽²⁾	37.6 ⁽³⁾	20.2
<u>Rule 1006(c)</u> Aggregate value of the consideration given or received, compared with First REIT's market capitalisation based on the total number of issued Units	163.5 ⁽⁴⁾	S\$476.3 ^{(5),(6)}	34.3
<u>Rule 1006(d)</u> The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	431,147,541 Units	1,613,028,634 Units ⁽⁶⁾	26.7

Notes:

- (1) In the case of a real estate investment trust, the Net Property Income is a close proxy to the net profits attributable to its assets. "**Net Property Income**" consists of contracted rent under the master lease agreements in relation to the Enlarged Portfolio which comprises Gross Rental Income (where applicable) less other property expenses (where applicable).
- (2) Based on an assumed total net rental of approximately S\$8.4 million under the Master Lease Agreements, less property expenses.
- (3) Based on the unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2021 (the "**1H2021 Unaudited Consolidated Financial Statements**").
- (4) Does not include transaction costs (such as professional and other fees and expenses).
- (5) Based on the weighted average price of S\$0.2953 per Unit on the SGX-ST on the market day preceding the date of the JMF Sale and Purchase Agreement and the JMA Sale and Purchase Agreement.
- (6) Based on 1,613,028,634 Units in issue as at 6 December 2021, being the market day preceding the date of the JMF Sale and Purchase Agreement and the JMA Sale and Purchase Agreement.

The Manager is of the view that the Proposed Acquisition is in the ordinary course of First REIT's business as the Proposed Acquisition is within the investment policy of First REIT and does not change the risk profile of First REIT. Therefore, the Proposed Acquisition is not subject to Chapter 10 of the Listing Manual.

However, as the Proposed Acquisition constitutes an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under the Property Funds Appendix, the Proposed Acquisition will still be subject to the specific approval of independent Unitholders.

9. PRO FORMA FINANCIAL EFFECTS

The *pro forma* financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes only and are prepared based on the FY2020 Audited Consolidated Financial Statements and the 1H2021 Unaudited Consolidated Financial Statements and assuming:

- (i) the Total Acquisition Cost, comprising the JMF Purchase Consideration, the JMA Purchase Consideration and the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition, is S\$168.0 million, of which S\$16.2 million will be net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount, S\$20.3 million will be paid in cash and the balance of S\$131.5 million by way of the issue of approximately 431,147,541 Consideration Units issued at an issue price of S\$0.305 per Consideration Unit;
- (ii) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2020 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of this Circular;
- (iii) the estimated stamp duties, professional and other fees and expenses of S\$4.5 million is assumed to be 1.5% of the value of the Agreed Purchase Price for the Japan Nursing Homes as at 31 December 2020;
- (iv) the fair value of the Japan Nursing Homes was assumed to be the Agreed Purchase Price for the Japan Nursing Homes, the fair value losses on investment properties mainly attributed to the above transaction costs; and
- (v) the average and closing exchange rates for JPY:SGD used for translating the FY2020 income statement and the financial positions of the Japan Nursing Homes as at 31 December 2020 are 77.43 and 78.01 respectively. The average and closing exchange rates for JPY:SGD used for translating the 1H2021 income statement and the financial positions of the Japan Nursing Homes as at 30 June 2021 are 80.86 and 82.60 respectively.

9.1 FY2020

Since the FY2020 Audited Consolidated Financial Statements were filed before the completion of the restructuring of certain master leases involving First REIT as first announced on 29 November 2020, the *pro forma* FY2020 financials do not form a meaningful basis of comparison.

9.1.1 Pro Forma DPU

The *pro forma* financial effects of the Proposed Acquisition on the DPU and DPU yield for FY2020, as if the Proposed Acquisition was completed on 1 January 2020 and First REIT held the Japan Nursing Homes through to 31 December 2020, are as follows:

	FY2020	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
Rental and other income (S\$'000)	79,619	97,145
Net property and other income (S\$'000)	77,465	92,997
Distributable Income (S\$'000)	43,773	55,834
Units in issue and to be issued ⁽²⁾	807,206,351	1,239,670,169
DPU (cents) ⁽³⁾	4.15	4.49
DPU Yield (%) ⁽⁴⁾	14.1	15.2

Notes:

- (1) Based on the FY2020 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 791,062,223 new Units issued on 24 February 2021 pursuant to First REIT's renounceable and non-underwritten rights issue (the "**Rights Issue**", and the new Units issued on 24 February 2021 pursuant to the Rights Issue, the "**Rights Units**") and the 11,267,041 Units issued from 18 March 2021 to the date preceding the date of this Circular.
- (3) Taking into account the issue of 791,062,223 Rights Units, the DPU before the Proposed Acquisition and after the Proposed Acquisition will be 2.73 cents and 2.74 cents respectively.
- (4) Taking into account the issue of 791,062,223 Rights Units, the DPU Yield before the Proposed Acquisition and after the Proposed Acquisition will be 9.3% and 9.3% respectively, computed based on First REIT's closing price of S\$0.295 as at 6 December 2021.

9.1.2 Pro Forma NAV per Unit

The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 31 December 2020, as if the Proposed Acquisition was completed on 31 December 2020, are as follows:

	As at 31 December 2020	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
NAV (S\$'000)	403,092	533,467
Units in issue and to be issued ⁽²⁾	807,206,351	1,239,670,169
NAV per Unit (cents) ⁽³⁾	49.94	43.03
Aggregate Leverage ⁽⁴⁾ (%)	48.7	47.7

Notes:

- (1) Based on the FY2020 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 791,062,223 Rights Units and 14,760,060 Units issued from 1 January 2021 to the date preceding the date of this Circular.
- (3) Taking into account the issue of 791,062,223 Rights Units, the NAV per Unit before the Proposed Acquisition and after the Proposed Acquisition will be 25.22 cents and 26.27 cents respectively.
- (4) Taking into account the proceeds from the Rights Issue of S\$158.2 million which was used to pare down S\$140.1 million loans, the Aggregate Leverage before the Proposed Acquisition and after the Proposed Acquisition will be 34.1% and 36.5% respectively.

9.1.3 Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2020, as if the Proposed Acquisition was completed on 31 December 2020.

	As at 31 December 2020	
	Actual	As adjusted for the Proposed Acquisition⁽¹⁾
	(S\$'000)	(S\$'000)
Short-term debt:		
Secured	195,345	195,345
Total short-term debt	195,345	195,345
Long-term debt:		
Secured	293,660	432,705
Total long-term debt	293,660	432,705
Total Debt	489,005	628,050
Unitholders funds	403,092	533,467
Perpetual securities holders' fund	60,878	60,878
Total Capitalisation	952,975	1,222,395

Note:

- (1) Based on the FY2020 Audited Consolidated Financial Statements.

9.2 1H2021

9.2.1 Pro Forma DPU

The *pro forma* financial effects of the Proposed Acquisition on the DPU and DPU yield for 1H2021, as if the Proposed Acquisition was completed on 1 January 2021 and First REIT held the Japan Nursing Homes through to 30 June 2021, are as follows:

	1H2021	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
Rental and other income (S\$'000)	38,933	47,357
Net property and other income (S\$'000)	37,612	45,202
Distributable Income (S\$'000)	20,887	26,800
Units in issue and to be issued ⁽²⁾	1,606,628,351	2,038,419,097
DPU (cents)	1.30	1.31
DPU Yield (%) ⁽³⁾	4.4	4.5

Notes:

- (1) Based on the 1H2021 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 3,750,678 Units issued from 30 July 2021 to the date preceding the date of this Circular.
- (3) Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021.

9.2.2 Pro Forma NAV per Unit

The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 30 June 2021, as if the Proposed Acquisition was completed on 30 June 2021, are as follows:

	As at 30 June 2021	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
NAV (S\$'000)	564,239	686,478
Units in issue and to be issued ⁽²⁾	1,606,628,351	2,038,419,097
NAV per Unit (cents)	35.12	33.68
Aggregate Leverage (%)	34.1	36.4

Notes:

- (1) Based on the 1H2021 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 6,400,756 Units issued from 1 July 2021 to the date preceding the date of this Circular.

9.2.3 Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 30 June 2021, as if the Proposed Acquisition was completed on 30 June 2021.

	As at 30 June 2021	
	Actual ⁽¹⁾	As adjusted for the Proposed Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Secured	98,594	98,594
Total short-term debt	98,594	98,594
Long-term debt:		
Secured	248,027	378,598
Total long-term debt	248,027	378,598
Total Debt	346,621	477,192
Unitholders funds	564,239	686,478
Perpetual securities holders' fund	60,850	60,850
Total Capitalisation	971,710	1,224,520

Note:

(1) Based on the 1H2021 Unaudited Consolidated Financial Statements.

10. ADVICE OF THE IFA

The Manager has appointed the IFA to advise the independent directors of the Manager (the “**Independent Directors**”), the audit and risk committee of the Manager (the “**Audit and Risk Committee**”) and the Trustee in relation to the Proposed Acquisition, the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, the proposed Whitewash Resolution and the Proposed Settlement. A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full (the “**IFA Letter**”) is set out in Appendix B of this Circular and Unitholders are advised to read the IFA Letter carefully.

10.1 The Proposed Acquisition

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the resolution in connection with the Proposed Acquisition to be proposed at the EGM.

10.2 The Proposed Issue of the Consideration Units as Partial Consideration for the Proposed JMF Acquisition

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the resolution in connection with the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition to be proposed at the EGM.

10.3 The Proposed Whitewash Resolution

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the terms of the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, which is the subject of the proposed Whitewash Resolution, are fair and reasonable and the proposed Whitewash Resolution is fair and reasonable.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the resolution in connection with the proposed Whitewash Resolution to be proposed at the EGM.

10.4 The Proposed Settlement

Having considered the factors and the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Settlement is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, the IFA has advised the Independent Directors and the Audit and Risk Committee to recommend that Unitholders vote in favour of the resolution in connection with the Proposed Settlement to be proposed at the EGM.

11. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

11.1 Interests of the Directors of the Manager

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

Name of Director	Direct Interest		Deemed Interest		Total No. of Units Held	%(¹)
	No. of Units	%(¹)	No. of Units	%(¹)		
Mr Christopher James Williams	–	–	–	–	–	–
Mr Tan Kok Mian Victor	252,569	0.0157	–	–	252,569	0.0157
Mr Chan Pengee Adrian	–	–	–	–	–	–
Mr Ferris Charles Bye	–	–	–	–	–	–
Mr Tan Chuan Lye	–	–	–	–	–	–
Mr Martin Lechner	5,000,000	0.3100	–	–	5,000,000	0.3100
Ms Minny Riady	–	–	–	–	–	–

Note:

(1) Percentage interest is based on 1,613,028,634 Units in issue as at the Latest Practicable Date.

11.2 Interests of the Substantial Unitholders

Based on the Register of Substantial Unitholders as at the Latest Practicable Date, the details of the unitholdings of the Substantial Unitholders¹ are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest		Total No. of Units Held	%(¹)
	No. of Units held	%(¹)	No. of Units held	%(¹)		
FRML	164,395,457	10.1917	–	–	164,395,457	10.1917
OHI	246,850,287	15.3035	–	–	246,850,287	15.3035
OUELH (Singapore) Pte. Ltd. (“OUELH (Singapore)”)	–	–	246,850,287 ⁽²⁾	15.3035	246,850,287	15.3035
OUELH (SEA) Pte. Ltd. (“OUELH (SEA)”)	–	–	246,850,287 ⁽²⁾	15.3035	246,850,287	15.3035
OUELH	–	–	411,245,744 ⁽²⁾⁽³⁾	25.4953	411,245,744	25.4953
Treasure International Holdings Pte. Ltd. (“TIHPL”)	–	–	411,245,744 ⁽²⁾⁽³⁾	25.4953	411,245,744	25.4953
OUE	–	–	464,716,961 ⁽²⁾⁽³⁾⁽⁴⁾	28.8102	464,716,961	28.8102

1 “Substantial Unitholder” refers to a person with an interest in Units constituting not less than 5% of all Units in issue.

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 Realty Pte. Ltd. (“ OUER ”)	–	–	464,716,961 ⁽⁵⁾	28.8102	464,716,961	28.8102
Golden Concord Asia Limited (“ GCAL ”)	–	–	464,716,961 ⁽⁶⁾	28.8102	464,716,961	28.8102
Fortune Crane Limited (“ FCL ”)	–	–	464,716,961 ⁽⁷⁾	28.8102	464,716,961	28.8102
Lippo ASM Asia Property Limited (“ LAAPL ”)	–	–	464,716,961 ⁽⁸⁾	28.8102	464,716,961	28.8102
HKC Property Investment Holdings Limited (“ HKC Property ”)	–	–	464,716,961 ⁽⁹⁾	28.8102	464,716,961	28.8102
Hongkong Chinese Limited (“ HCL ”)	–	–	464,716,961 ⁽¹⁰⁾	28.8102	464,716,961	28.8102
Hennessy Holdings Limited (“ Hennessy ”)	–	–	464,716,961 ⁽¹¹⁾	28.8102	464,716,961	28.8102
Prime Success Limited (“ PSL ”)	–	–	464,716,961 ⁽¹²⁾	28.8102	464,716,961	28.8102
Lippo Limited (“ LL ”)	–	–	466,361,549 ⁽¹³⁾	28.9122	466,361,549	28.9122
Lippo Capital Limited (“ LCL ”)	–	–	466,361,549 ⁽¹⁴⁾	28.9122	466,361,549	28.9122
Lippo Capital Holdings Company Limited (“ LCH ”)	–	–	466,361,549 ⁽¹⁵⁾	28.9122	466,361,549	28.9122
Lippo Capital Group Limited (“ LCG ”)	–	–	466,361,549 ⁽¹⁶⁾	28.9122	466,361,549	28.9122
Admiralty Station Management Limited (“ Admiralty ”)	–	–	464,716,961 ⁽¹⁷⁾	28.8102	464,716,961	28.8102
Argyle Street Management Limited (“ ASML ”)	–	–	464,716,961 ⁽¹⁸⁾	28.8102	464,716,961	28.8102
Argyle Street Management Holdings Limited (“ ASMHL ”)	–	–	464,716,961 ⁽¹⁹⁾	28.8102	464,716,961	28.8102
Kin Chan	–	–	464,716,961 ⁽²⁰⁾	28.8102	464,716,961	28.8102
V-Nee Yeh	–	–	464,716,961 ⁽²¹⁾	28.8102	464,716,961	28.8102
PT Trijaya Utama Mandiri (“ PT TUM ”)	–	–	466,361,549 ⁽²²⁾	28.9122	466,361,549	28.9122
James Tjahaja Riady	–	–	466,361,549 ⁽²³⁾	28.9122	466,361,549	28.9122
Stephen Riady	–	–	466,361,549 ⁽²⁴⁾	28.9122	466,361,549	28.9122

Notes:

- (1) Percentage interest is based on 1,613,028,634 Units in issue as at the Latest Practicable Date.
- (2) OHI is 100% owned by OUE LH (Singapore). OUE LH (Singapore) is 100% owned by OUE LH (SEA). OUE LH (SEA) is 100% owned by OUE LH. TIHPL, a subsidiary of OUE, directly holds 70.36% of the total share capital of OUE LH. Accordingly, each of OUE, TIHPL, OUE LH, OUE LH (SEA) and OUE LH (Singapore) has a deemed interest in OHI's interest in the Units.
- (3) FRML is 40% directly held by OUE LH and 60% directly held by OUE. Accordingly, each of OUE LH and OUE has a deemed interest in FRML's interest in the Units. TIHPL directly holds 70.36% of the total issued share capital of OUE LH and has a deemed interest in the Units in which OUE LH has a deemed interest.

- (4) Further, OUE is deemed to have an interest in the 53,471,217 Units held by Clifford Development Pte. Ltd., a subsidiary of OUE.
- (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, as well as a deemed interest in the 1,644,588 Units held by Hongkong China Treasury Limited, a subsidiary of LL (the "HKCTL Units").
- (14) LCL is an intermediate holding company of HKC Property and the immediate holding company of LL. Accordingly, LCL is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL 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, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.
- (16) LCG is the holding company of LCH, which in turn is an intermediate holding company of HKC Property and LL. Accordingly, LCG is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL 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) Mr Kin Chan is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr Kin Chan is deemed to have an interest in the Units in which ASMHL has a deemed interest.
- (21) Mr V-Nee Yeh is the beneficial owner of more than 20% of the issued share capital of ASMHL. Accordingly, Mr 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 and the immediate holding company of LL. Accordingly, PT TUM is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL 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 and the immediate holding company of LL. Accordingly, Mr James Tjahaja Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL 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 and LL. Accordingly, Dr Stephen Riady is deemed to have an interest in the Units in which HKC Property has a deemed interest, as well as a deemed interest in the HKCTL Units in which LL has a deemed interest.

Save as otherwise disclosed in this Circular and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the Proposed Acquisition and/or the Proposed Settlement.

12. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition and/or the Proposed Settlement or any other transactions contemplated in relation to the Proposed Acquisition and/or the Proposed Settlement.

13. RECOMMENDATIONS

13.1 On Resolution 1: The Proposed Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix B of this Circular) and the rationale for the Proposed Acquisition as set out in paragraph 4 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the Proposed Acquisition is based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 1 relating to the Proposed Acquisition.

13.2 On Resolution 2: The Proposed Issue of the Consideration Units as Partial Consideration for the Proposed JMF Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix B of this Circular) and the rationale for the proposed issue of the Consideration Units as set out in paragraph 5.6 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition is based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 2 relating to the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition.

13.3 On Resolution 3: The Proposed Whitewash Resolution

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix B of this Circular) and the rationale for the proposed Whitewash Resolution as set out in paragraph 5.6 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the terms of the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, which is the subject of the proposed Whitewash Resolution, are fair and reasonable and the proposed Whitewash Resolution is fair and reasonable.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 3 relating to the proposed Whitewash Resolution.

13.4 On Resolution 4: The Proposed Settlement

Based on the opinion of the IFA (as set out in the IFA Letter in Appendix B of this Circular) and the rationale for the Proposed Settlement as set out in paragraph 7 of this Letter to Unitholders, the Independent Directors and the Audit and Risk Committee believe that the Proposed Settlement is based on normal commercial terms and would not be prejudicial to the interests of First REIT or its minority Unitholders.

Accordingly, the Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of Resolution 4 relating to the Proposed Settlement.

14. EXTRAORDINARY GENERAL MEETING

14.1 Background on COVID-19

The Manager and the Trustee refer to:

- (i) the COVID-19 (Temporary Measures) Act 2020 passed by Parliament on 7 April 2020 which enables the Minister for Law by order to prescribe alternative arrangements for listed entities in Singapore to, *inter alia*, conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means; and
- (ii) the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 which was gazetted on 13 April 2020 (as amended), and which sets out the alternative arrangements in respect of, *inter alia*, general meetings of real estate investment trusts.

14.2 Date, Time and Conduct of EGM

The EGM will be convened and held by way of electronic means on Friday, 28 January 2022 at 11:00 a.m. (Singapore Time) for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages F-1 to F-5 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about the resolutions.

Approval by way of Ordinary Resolutions is required in respect of Resolution 1, Resolution 2, Resolution 3 and Resolution 4.

A Depositor shall not be regarded as a Unitholder entitled to attend the EGM and to speak and vote unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited (“**CDP**”) as at 72 hours before the time fixed for the EGM.

The Lead Independent Director of the Board, Mr Chan Pengee Adrian, and the Executive Director and Chief Executive Officer, Mr Tan Kok Mian Victor, will conduct the proceedings of the EGM. The Manager will address all substantial and relevant questions received from Unitholders prior to the closing date and time for submission of questions, being 12:00 noon (Singapore Time) on Sunday, 16 January 2022, by 11:00 a.m. (Singapore Time) on Saturday, 22 January 2022. The Manager will publish the responses to the substantial and relevant questions on First REIT’s website and on SGXNET. The Manager will publish the minutes of the EGM on First REIT’s website and on SGXNET within one month from the date of the EGM.

Unitholders will not be able to ask questions at the EGM “live” during the audio-visual webcast or audio-only stream, and therefore it is important for Unitholders who wish to ask questions to submit their questions in advance of the EGM. Unitholders are encouraged to submit their questions promptly for such questions to be addressed.

15. ABSTENTIONS FROM VOTING

15.1 Resolution 1: The Proposed Acquisition as an Interested Person Transaction

As at the Latest Practicable Date, OUELH, through OHI and the Manager, has a deemed interest in an aggregate of 411,245,744 (or approximately 25.50%) of the Units.

As at the Latest Practicable Date, OUE, through OUELH and Clifford Development Pte. Ltd. (being a company of which OUE owns 100.0%), has a deemed interest in an aggregate of 464,716,961 (or approximately 28.81%) of the Units.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that OUELH will enter into each of the JMF Sale and Purchase Agreement and the JMA Sale and Purchase Agreement under the Proposed Acquisition, OUELH and its associates will abstain from voting on Resolution 1 (the Proposed Acquisition).

As OUE has an aggregate deemed interest in 464,716,961 Units, which includes its deemed interest through OUELH, comprising approximately 28.81% of the Units, OUE and its associates will abstain from voting on Resolution 1 (the Proposed Acquisition).

For the purpose of good corporate governance, as Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director, are non-independent Directors, they will each abstain from voting on Resolution 1 (the Proposed Acquisition) in respect of Units (if any) held by them.

15.2 Resolution 2: The Proposed Issue of the Consideration Units as Partial Consideration for the Proposed JMF Acquisition

As at the Latest Practicable Date, OUELH, through OHI and the Manager, has a deemed interest in an aggregate of 411,245,744 (or approximately 25.50%) of the Units.

As at the Latest Practicable Date, OUE, through OUELH and Clifford Development Pte. Ltd. (being a company of which OUE owns 100.0%), has a deemed interest in an aggregate of 464,716,961 (or approximately 28.81%) of the Units.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that the Consideration Units will be issued to OHI (which has been nominated by OUELH to receive the Consideration Units), a wholly-owned subsidiary of OUELH, OUELH and its associates will abstain from voting on Resolution 2 (the proposed issue of Consideration Units).

As OUE has an aggregate deemed interest in 464,716,961 Units, which includes its deemed interest through OUELH, comprising approximately 28.81% of the Units, OUE and its associates will abstain from voting on Resolution 2 (the proposed issue of Consideration Units).

For the purpose of good corporate governance, as Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director, are non-independent Directors, they will each abstain from voting on Resolution 2 (the proposed issue of Consideration Units) in respect of Units (if any) held by them.

15.3 Resolution 3: The Proposed Whitewash Resolution

Pursuant to the SIC Waiver granted in relation to Resolution 3, OHI and its Concert Parties are required to abstain from voting on Resolution 3.

15.4 Resolution 4: The Proposed Settlement as an Interested Person Transaction

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 466,361,549 (or approximately 28.91%) of the Units.

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting, or accepting appointments as proxies, on a resolution in relation to a matter in respect of which such persons are interested in the EGM, unless specific instructions as to voting are given.

Given that PT SK, a company in which Dr Stephen Riady and Mr James Tjahaja Riady each has an interest of 30% or more, will enter into each of the Settlement Agreements under the Proposed Settlement, each of Dr Stephen Riady and Mr James Tjahaja Riady and their associates (including OUE, OUELH and the Manager) will abstain from voting on Resolution 4 (the Proposed Settlement).

For the purpose of good corporate governance, as Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director, are non-independent Directors, they will each abstain from voting on Resolution 4 (the Proposed Settlement) in respect of Units (if any) held by them.

16. ACTIONS TO BE TAKEN BY UNITHOLDERS

16.1 Circular, Notice of Extraordinary General Meeting and Proxy Form

The Circular, the Notice of Extraordinary General Meeting and a Proxy Form has been sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html, and is also available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

16.2 Alternative Arrangements for Participation in the Extraordinary General Meeting

Unitholders may participate in the EGM by:

- (i) observing and/or listening to the EGM proceedings via "live" audio-visual webcast or "live" audio-only stream;
- (ii) submitting questions in advance of the EGM; and/or
- (iii) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM.

A Unitholder (whether individual or corporate) who has Units entered against his/her/its name in (a) the Register of Unitholders; or (b) the Depository Register as at the cut-off time being 72 hours prior to the time of the EGM (being the time at which the name of the Unitholder must appear in the Register of Unitholders or the Depository Register, in order for him/her/it to be considered to have Units entered against his/her/its name in the said Registers), shall be entitled to attend (via electronic means), submit questions in advance and vote by proxy at the EGM.

In view of the COVID-19 situation, all Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights are requested to complete the Proxy Form in accordance with the instructions therein and submit it to the Manager c/o the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., in the following manner:

- (a) if submitted electronically, be submitted via email to the Unit Registrar at fristreitegm2022@boardroomlimited.com; or
- (b) if submitted by post, be lodged at the office of the Unit Registrar at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623,

in either case, by 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022, being 72 hours before the time fixed for the EGM.

All Unitholders (whether individual or corporate) who wish to exercise his/her/its voting rights must appoint the Chairman of the EGM as proxy to attend, speak and vote on his/her/its behalf at the EGM. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

16.3 Steps for Pre-registration and Pre-submission of Questions and Voting at the EGM

Unitholders will be able to observe and/or listen to the EGM proceedings through a “live” audio-visual webcast or “live” audio-only stream by pre-registering, submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM and vote by appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the EGM.

To do so, they will need to complete the following steps in accordance with the dates/deadlines specified:

Pre-registration		
No.	Steps	Dates/Deadlines
1.	Unitholders must pre-register for the “live” audio-visual webcast or “live” audio-only stream of the EGM proceedings by 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022 to enable the Manager to verify their status as Unitholders.	Pre-registration by 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022.
2.	Following the verification, authenticated persons will receive an email which will contain user ID and password details, as well as instructions on how to access the “live” audio-visual webcast and a toll-free telephone number to access the “live” audio-only stream of the EGM proceedings (the “ Confirmation Email ”).	Unitholders who do not receive the Confirmation Email by 11:00 a.m. (Singapore Time) on Thursday, 27 January 2022 but have registered by the deadline at 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022 should contact the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 from 10:00 a.m. to 4:00 p.m. (Singapore Time) on Thursday, 27 January 2022.

Submission of Questions		
No.	Steps	Dates/Deadlines
1.	<p>Unitholders (whether individual or corporate) may submit questions relating to the resolutions to be tabled for approval at the EGM in advance of the EGM, in the following manner:</p> <p>(a) if submitted electronically, be submitted:</p> <p>(i) via the pre-registration website at the URL https://www.first-reit.com/ir_egm.html; or</p> <p>(ii) via email by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the website of the SGX-ST at the URL https://www.sgx.com/securities/company-announcements and sending the same to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at firstreitegm2022@boardroomlimited.com;</p> <p>(b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the SGX website at the URL https://www.sgx.com/securities/company-announcements and sending the same by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623,</p> <p>in any case, by 12:00 noon (Singapore Time) on Sunday, 16 January 2022.</p>	<p>All questions must be submitted by 12:00 noon (Singapore Time) on Sunday, 16 January 2022.</p> <p>The Manager will address all substantial and relevant questions received from Unitholders prior to the closing date and time for submission of questions, by 11:00 a.m. (Singapore Time) on Saturday, 22 January 2022. The Manager will publish the responses to the substantial and relevant questions on First REIT's website and on SGXNET. The Manager will publish the minutes of the EGM on First REIT's website and on SGXNET within one month from the date of the EGM.</p>

Submission of Proxy Form to Vote		
No.	Steps	Dates/Deadlines
1.	<p>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. The Proxy Form is available for download at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the SGX website at the URL https://www.sgx.com/securities/company-announcements.</p> <p>Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.</p>	–
2.	<p>The Proxy Form must be submitted in the following manner:</p> <p>(a) if submitted electronically, be submitted via email to the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at firstreitegm2022@boardroomlimited.com; or</p> <p>(b) 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,</p> <p>in either case not later than 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022.</p> <p>A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.</p>	Proxy Forms to reach the Unit Registrar by 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022.

16.4 Unitholders who hold Units through relevant intermediaries

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through “live” audio-visual webcast or “live” audio-only stream and/or (b) submitting questions in advance of the EGM should refer to paragraph 16.3 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by Tuesday, 18 January 2022, being seven (7) working days before the date of the EGM.

16.5 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT’s website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the EGM.

17. DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, the proposed Whitewash Resolution, the Proposed Settlement, First REIT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

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

18. SOLE FINANCIAL ADVISER’S RESPONSIBILITY STATEMENT

To the best of the Sole Financial Adviser’s knowledge and belief, save for the information set out in paragraphs 9, 10, 11, 12, 13 and 17 of this Letter to Unitholders and Appendix B, Appendix C, Appendix D and Appendix E to this Circular, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition, the proposed issue of the Consideration Units as partial consideration for the Proposed JMF Acquisition, the proposed Whitewash Resolution, the Proposed Settlement, First REIT and its subsidiaries, and the Sole Financial Adviser is not aware of any facts the omission of which would make any statement in this Circular misleading.

19. CONSENTS

Each of the Sole Financial Adviser, the IFA, the Independent Valuers and the Independent Market Research Consultant has given and not withdrawn its written consent to the issue of this Circular with the inclusion of its name and, respectively, the IFA Letter, the Valuation Certificates and the Independent Market Research Report, and all references thereto, in the form and context in which they appear in this Circular.

20. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager located at 333 Orchard Road #33-02 Singapore 238867 from the date of this Circular up to and including the date falling three months after the date of this Circular¹:

- (i) the JMF Sale and Purchase Agreement;
- (ii) the JMA Sale and Purchase Agreement;
- (iii) the Progress Payments Settlement Agreement;
- (iv) the Project Expenses Settlement Agreement;
- (v) the full valuation reports issued by CWKK in respect of the Japan Nursing Homes;
- (vi) the full valuation reports issued by CBRE in respect of the Japan Nursing Homes;
- (vii) the FY2020 Audited Consolidated Financial Statements;
- (viii) the 1H2021 Unaudited Consolidated Financial Statements;
- (ix) the Independent Market Research Report by the Independent Market Research Consultant;
- (x) the IFA Letter; and
- (xi) the letters of consent from each of the Sole Financial Adviser, the IFA, the Independent Valuers and the Independent Market Research Consultant.

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

Yours faithfully
FIRST REIT MANAGEMENT LIMITED
(as manager of First Real Estate Investment Trust)
(Company registration number: 200607070D)

Mr Tan Kok Mian Victor
Executive Director and Chief Executive Officer

1 Prior appointment with the Manager (telephone: +65 6435 0168 or email: ir@first-reit.com) must be made to schedule the inspection.

IMPORTANT NOTICE

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

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

The Trustee is not required to and therefore does not opine on the commercial merits of the Proposed Acquisition and the Proposed Settlement. In this regard, under the Trust Deed, the Manager alone shall have absolute discretion to determine, and it would be the duty of the Manager to recommend or propose to the Trustee, what investments should be effected and when and how any proposed investment should be effected by First REIT. As the Proposed Acquisition and the Proposed Settlement are each an Interested Person Transaction and an Interested Party Transaction, Unitholders' approval for the Proposed Acquisition and the Proposed Settlement must also be obtained at the EGM in compliance with the requirements of the Listing Manual and the Property Funds Appendix. If the Ordinary Resolutions are passed, the Trustee would be bound to comply with the directions of the Unitholders and proceed with the Proposed Acquisition and the Proposed Settlement in accordance with the Resolutions. When so acting in accordance with the directions of the Unitholders, the Trustee would not be responsible to any Unitholder.

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

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

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

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

GLOSSARY

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

“%”	:	Per centum or percentage.
“1H2021”	:	The first six-month period of the financial year ending 31 December 2021 from 1 January 2021 to 30 June 2021.
“1H2021 Unaudited Consolidated Financial Statements”	:	The unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2021.
“Admiralty”	:	Admiralty Station Management Limited.
“Aggregate Leverage”	:	The ratio of the value of borrowings and deferred payments (if any) to the value of First REIT’s Deposited Property.
“Aggregate Progress Payments Settlement Amount”	:	Pursuant to the Progress Payments Settlement Agreement, the payment to be made by PT SK to PT TPI of the amount of the Progress Payments of IDR281,250,090,000 (equivalent to S\$27,000,000.00) and the Interest of IDR28,001,721,252 (equivalent to S\$2,688,164.38).
“Aggregate Settlement Amount”	:	Pursuant to the Project Expenses Settlement Agreement, the payment to be made by PT SK to the Trustee of the aggregate amount of the Project Expenses incurred of S\$918,093.60 by 31 January 2022 and the Aggregate Progress Payments Settlement Amount, collectively.
“Agreed Purchase Price for the Japan Nursing Homes”	:	The agreed purchase price for the Japan Nursing Homes.
“ASMHL”	:	Argyle Street Management Holdings Limited.
“ASML”	:	Argyle Street Management Limited.
“Audit and Risk Committee”	:	The audit and risk committee of the Manager.
“Board”	:	The board of directors of the Manager.
“BOT”	:	Build, Operate and Transfer
“CBRE”	:	CBRE K.K..
“CDP”	:	The Central Depository (Pte) Limited.
“Circular”	:	This circular to Unitholders dated 6 January 2022.

“Code on CIS”	:	The Code on Collective Investment Schemes issued by the Monetary Authority of Singapore.
“Concert Parties”	:	The parties acting in concert with OHI.
“Confirmation Email”	:	An email which will contain user ID and password details, as well as instructions on how to access the “live” audio-visual webcast and a toll-free telephone number to access the “live” audio-only stream of the EGM proceedings.
“Consideration Unit Issue Price”	:	S\$0.305, being an issue price determined based on negotiations between the Manager and OUELH. The Consideration Unit Issue Price of S\$0.305 is equal to the closing price of S\$0.305 per Unit on the SGX-ST on 7 December 2021, being the date of the JMF Sale and Purchase Agreement.
“Consideration Units”	:	The 431,147,541 new Units proposed to be issued as partial consideration for the Proposed JMF Acquisition.
“Controlling Shareholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the total voting rights in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company.
“Controlling Unitholder”	:	A person who: <ul style="list-style-type: none"> (a) holds directly or indirectly 15% or more of the nominal amount of all voting units in the property fund. The MAS may determine that such a person is not a controlling unitholder; or (b) in fact exercises control over the property fund.
“CPF Board”	:	Central Provident Fund Board.
“CWKK”	:	Cushman & Wakefield K.K..
“Deposited Property”	:	The total assets of First REIT, including all its authorised investments held or deemed to be held upon the trust under the Trust Deed.
“Development Works”	:	The development works to develop a new hospital in connection with which First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK.
“Development Works Agreement”	:	A development works agreement entered into between PT TPI and PT SK on 20 October 2015.

“Development Works Agreement Parties”	:	PT TPI and PT SK.
“Directors”	:	Directors of the Manager.
“DPU”	:	Distribution per Unit.
“EGM”	:	The extraordinary general meeting of the Unitholders, notice of which is given on pages F-1 to F-5 of this Circular.
“Enlarged Portfolio”	:	The Existing Portfolio and the Japan Nursing Homes, collectively.
“Existing Portfolio”	:	The existing portfolio of First REIT as at 31 December 2020 (excluding Sarang Hospital).
“FCL”	:	Fortune Crane Limited.
“First REIT”	:	First Real Estate Investment Trust.
“FRML”	:	First REIT Management Limited.
“Further JMA Intercompany Balance”	:	The loan agreement between OUELH and JMA pursuant to which a further S\$3,803,200 was owed by OUELH to JMA on 1 November 2021.
“FY2020”	:	The financial year ended 31 December 2020.
“FY2020 Audited Consolidated Financial Statements”	:	The audited consolidated financial statements of First REIT and its subsidiaries for FY2020.
“GCAL”	:	Golden Concord Asia Limited.
“GFA”	:	Gross floor area.
“HCL”	:	Hongkong Chinese Limited.
“Hennessy”	:	Hennessy Holdings Limited.
“HGB”	:	<i>Hak Guna Bangunan.</i>
“HJKK”	:	OUELH Japan Management Co., Ltd..
“HKC Property”	:	HKC Property Investment Holdings Limited.
“IDR”	:	Indonesian Rupiah.
“IFA”	:	Stirling Coleman Capital Limited.

“IFA Letter”	:	The letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full, as set out in Appendix B of this Circular.
“Independent Directors”	:	Independent directors of the Manager.
“Independent Market Research Consultant”	:	Cushman & Wakefield K.K..
“Independent Market Research Report”	:	The independent market research report issued by the Independent Market Research Consultant on 6 December 2021.
“Independent Unitholders”	:	Unitholders other than OHI and its Concert Parties.
“Independent Valuers”	:	CWKK and CBRE.
“Initial JMA Intercompany Balances”	:	Certain intercompany balances between OUELH or a subsidiary of OUELH and HJKK as at 30 September 2021.
“Interest”	:	The outstanding amount of the interest which PT TPI is entitled to be paid at a rate of 10.0% per annum on the Progress Payments from 28 June 2019 to 27 June 2020 amounting to an aggregate of S\$2,688,164.38.
“Interested Party”	:	As defined in the Property Funds Appendix, means: <ul style="list-style-type: none"> (a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or (b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Party Transaction”	:	Has the meaning ascribed to it in Paragraph 5 of the Property Funds Appendix.

“Interested Person”	:	As stated in the Listing Manual, in the case of a REIT, has the meaning ascribed to the term “interested party” in the Code on CIS. Therefore, “Interested Person” means:
		(a) a director, chief executive officer or Controlling Shareholder of the manager, or the manager, the trustee, or Controlling Unitholder of the property fund; or
		(b) an associate of any director, chief executive officer or Controlling Shareholder of the manager, or an associate of the manager, the trustee or any Controlling Unitholder of the property fund.
“Interested Person Transaction”	:	A transaction between an entity at risk and an Interested Person.
“Japan Nursing Homes”	:	The 12 nursing homes located in Japan in which JMF owns a 100.0% interest.
“JMA”	:	OUELH Japan Medical Assets Pte. Ltd..
“JMA Intercompany Balances”	:	The Initial JMA Intercompany Balances and the Further JMA Intercompany Balance.
“JMA Intercompany Balances Amount”	:	The sum of S\$6,784,368, the principal amount of the Further JMA Intercompany Balance of S\$3,803,200 and the net amount of any and all interest accruing to the relevant lender under the relevant JMA Intercompany Balances between 1 October 2021 and the completion of the Proposed JMA Acquisition, being the net amount owing by OUELH and the subsidiary of OUELH to JMA and HJKK under the JMA Intercompany Balances as at completion of the Proposed JMA Acquisition.
“JMA Intercompany Balances Novation”	:	The novation by OUELH and the subsidiary of OUELH of all of its rights, interests, obligations and liabilities under the JMA Intercompany Balances to the Trustee.
“JMA Purchase Consideration”	:	The purchase consideration of approximately S\$0.3 million (subject to post-completion adjustments) for the proposed acquisition from OUELH by the Trustee of the JMA Sale Shares.
“JMA Sale and Purchase Agreement”	:	The sale and purchase agreement which the Trustee had on 7 December 2021 entered into with OUELH to acquire the JMA Sale Shares from OUELH.
“JMA Sale Shares”	:	100.0% of the issued and paid-up share capital of JMA.
“JMF”	:	OUELH Japan Medical Facilities Pte. Ltd..

“JMF Group Companies”	:	JMF, OUELH TMK (Japan), OUELH ISH (Japan) and OUELH GK (Japan), collectively.
“JMF Intercompany Balances”	:	Certain intercompany balances and other amounts between OUELH and the JMF Group Companies as at 30 September 2021.
“JMF Intercompany Balances Amount”	:	The sum of S\$9,477,225 and the net amount of any and all interest accruing to the relevant lender under the relevant JMF Intercompany Balances between 1 October 2021 and the completion of the Proposed JMF Acquisition, being the net amount owing by OUELH to the JMF Group Companies under the Intercompany Balances as at completion of the Proposed JMF Acquisition.
“JMF Intercompany Balances Novation”	:	The novation by OUELH of all of its rights, interests, obligations and liabilities under the JMF Intercompany Balances to the Trustee.
“JMF Purchase Consideration”	:	The aggregate purchase consideration of approximately S\$163.2 million (subject to post-completion adjustments) for the proposed acquisition from OUELH by the Trustee of the JMF Sale Shares.
“JMF Sale and Purchase Agreement”	:	The sale and purchase agreement which the Trustee had on 7 December 2021 entered into with OUELH to acquire the JMF Sale Shares from OUELH.
“JMF Sale Shares”	:	100.0% of the issued and paid-up share capital of JMF.
“JPY”	:	Japanese Yen.
“Kalmore Korea”	:	Kalmore (Korea) Limited.
“LAAPL”	:	Lippo ASM Asia Property Limited.
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 27 December 2021.
“LCG”	:	Lippo Capital Group Limited.
“LCH”	:	Lippo Capital Holdings Company Limited.
“LCL”	:	Lippo Capital Limited.
“Listing Manual”	:	The listing manual of the SGX-ST, as may be amended or modified from time to time.
“LL”	:	Lippo Limited.
“LPKR”	:	PT Lippo Karawaci Tbk.

“LTCI”	:	Long-term care insurance.
“Manager”	:	FRML, in its capacity as manager of First REIT.
“Mandatory Offer”	:	A mandatory offer pursuant to Rule 14 of the Take-over Code.
“MAS”	:	Monetary Authority of Singapore.
“Master Lease Agreements”	:	The master lease agreements in respect of the Japan Nursing Homes.
“NAV”	:	Net asset value.
“NTA”	:	Net tangible assets.
“OHI”	:	OLH Healthcare Investments Pte. Ltd..
“Ordinary Resolution”	:	A resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.
“OUE”	:	OUE Limited.
“OUE Group” or the “Sponsor”	:	OUE and its subsidiaries.
“OUELH”	:	OUE Lippo Healthcare Limited.
“OUELH GK (Japan)”	:	OUELH Japan 1 <i>godo kaisha</i> .
“OUELH ISH (Japan)”	:	OUELH Japan One <i>ippan shadan hojin</i> .
“OUELH (SEA)”	:	OUELH (SEA) Pte. Ltd..
“OUELH (Singapore)”	:	OUELH (Singapore) Pte. Ltd..
“OUELH TMK (Japan)”	:	OUELH Japan First <i>Tokutei Mokuteki Kaisha</i> .
“OUER”	:	OUE Realty Pte. Ltd..
“Progress Payments”	:	The progress payments which PT TPI has made to PT SK as at 7 December 2021 under the Development Works Agreement amounting to an aggregate of S\$27,000,000.00.

“Progress Payments Settlement Agreement”	:	The settlement agreement entered into between PT TPI and PT SK on 7 December 2021 to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments and the Interest.
“Project Expenses”	:	The reasonable costs, fees, expenses and other payments which the Trustee has incurred on behalf of PT TPI under the Development Works Agreement as at 28 June 2020 amounting to an aggregate of S\$918,093.60.
“Project Expenses Settlement Agreement”	:	The settlement agreement entered into between PT TPI, PT SK and the Trustee on 7 December 2021 to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Project Expenses incurred by the Trustee on behalf of PT TPI.
“Property Funds Appendix”	:	Appendix 6 of the Code on CIS.
“Proposed Acquisition”	:	The Proposed JMF Acquisition and the Proposed JMA Acquisition, collectively.
“Proposed JMA Acquisition”	:	The proposed acquisition from OUE LH by the Trustee of the JMA Sale Shares.
“Proposed JMF Acquisition”	:	The proposed acquisition from OUE LH by the Trustee of the JMF Sale Shares.
“Proposed Settlement”	:	The proposed full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments, the Interest and the Project Expenses.
“Proposed Transactions”	:	The Proposed Acquisition, the proposed issue of 431,147,541 Consideration Units, the proposed Whitewash Resolution and the Proposed Settlement, collectively.
“PSL”	:	Prime Success Limited.
“PT SK”	:	PT Saputra Karya.
“PT TPI”	:	PT Tata Prima Indah.
“PT TUM”	:	PT Trijaya Utama Mandiri.
“Purchase Consideration”	:	The JMF Purchase Consideration and the JMA Purchase Consideration, collectively.

“Relevant Period”	:	<ul style="list-style-type: none"> (i) The period between the first announcement of the Proposed Acquisition and the date the Unitholders’ approval is obtained for the Whitewash Resolution; and (ii) in the six months prior to the first announcement of the Proposed Acquisition but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Proposed Acquisition.
“Road Subsidence”	:	The road subsidence that took place on 18 December 2018 along Jalan Gubeng, Surabaya, which is in close proximity to Siloam Hospitals Surabaya.
“S\$” and “cents”	:	Singapore dollars and cents, being the lawful currency of the Republic of Singapore.
“Sarang Hospital Divestment”	:	The sale by First REIT’s indirect wholly-owned subsidiary, Kalmore Korea, of the property known as “Sarang Hospital” and the sale by First REIT’s direct wholly-owned subsidiary, Kalmore Investments Pte. Ltd., of all of the shares of Kalmore Korea, as completed on 31 August 2021.
“Securities Act”	:	The U.S. Securities Act of 1933, as amended.
“Securitization Law”	:	The Act on Securitization of Assets of Japan.
“Settlement Agreements”	:	The Progress Payments Settlement Agreement and the Project Expenses Settlement Agreement, collectively.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shinsei Bank”	:	Shinsei Bank Limited.
“Shinsei Bank Guarantee”	:	The Guarantee of Specified Indemnified Obligations (for Specified Bondholder) dated 29 May 2020 executed by OUELH in favour of Shinsei Bank.
“SIC”	:	Securities Industry Council.
“SIC Waiver”	:	The waiver granted by the SIC.
“Sole Financial Adviser”	:	Merrill Lynch (Singapore) Pte. Ltd., the sole financial adviser to the Manager for the Proposed Transactions.
“Specified Bond Subscription Agreement”	:	A specified bond subscription agreement (<i>OUELH Japan First tokutei mokuteki kaisha dai-sankai ippann tannpo tsuki tokutei shasai (tekikaku kikan toshika gentei) sougaku hihyuke keiyaku</i>) entered into between Shinsei Bank and OUELH TMK (Japan) dated 27 May 2020.

“sq m”	:	Square metres.
“S-REIT”	:	Singapore real estate investment trust.
“Substantial Unitholder”	:	A person with an interest in Units constituting not less than 5% of all Units in issue.
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers.
“TIHPL”	:	Treasure International Holdings Pte. Ltd..
“TMK”	:	<i>Tokutei Mokuteki Kaisha.</i>
“Total Acquisition Cost”	:	The total cost of the Proposed Acquisition.
“Transfer of Contractual Status Agreement”	:	A transfer of contractual status agreement which is intended to be entered into between OUELH, the Trustee and Shinsei Bank on completion of the Proposed Acquisition.
“Trust Deed”	:	The trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time.
“Trustee”	:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT).
“Unit”	:	A unit representing an undivided interest in First REIT.
“Unit Registrar”	:	Boardroom Corporate & Advisory Services Pte. Ltd..
“Unitholders”	:	Holders of units in First REIT.
“U.S.”	:	United States of America.
“WALE”	:	Weighted average lease expiry.
“Whitewash Resolution”	:	The proposed whitewash resolution to be approved by the Independent Unitholders by way of a poll to waive their rights to receive a general offer from OHI.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore.

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

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

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

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated. Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

**DETAILS OF THE JAPAN NURSING HOMES, THE EXISTING PORTFOLIO AND
THE ENLARGED PORTFOLIO**

1. JAPAN NURSING HOMES

The following table sets out a summary of selected information on the Japan Nursing Homes as at 29 October 2021, unless otherwise stated.

No.	Property	Location	Type of Property	No. of Rooms	Independent Valuation by		Average of the Two Valuations (JPY million)	Agreed Purchase Price for the Japan Nursing Home (JPY million)	Premium/ (Discount) of the Agreed Purchase Price for the Japan Nursing Home over/to the Average of the Two Valuations
					CWKK (JPY million)	CBRE (JPY million)			
1.	Hikari Heights Varus Ishiyama	Hokkaido	Nursing Home	117	824	853	839	839	0.0%
2.	Hikari Heights Varus Tsukisamu-Koen	Hokkaido	Nursing Home	58	631	666	649	641	(1.2)%
3.	Hikari Heights Varus Fujino	Hokkaido	Nursing Home	139	1,640	1,640	1,640	1,574	(4.0)%
4.	Hikari Heights Varus Kotoni	Hokkaido	Nursing Home	281	6,460	6,470	6,465	6,209	(4.0)%
5.	Hikari Heights Varus Makomanai-Koen	Hokkaido	Nursing Home	161	4,560	4,670	4,615	4,475	(3.0)%
6.	Varus Cuore Yamanote	Hokkaido	Nursing Home	59	1,100	1,070	1,085	1,007	(7.2)%
7.	Varus Cuore Sapporo-Kita & Annex	Hokkaido	Nursing Home	216	2,870	3,010	2,940	2,847	(3.2)%
8.	ElySION Gakuenmae	Nara	Nursing Home	92	1,660	1,610	1,635	1,610	(1.5)%

No.	Property	Location	Type of Property	No. of Rooms	Independent Valuation by		Average of the Two Valuations (JPY million)	Agreed Purchase Price for the Japan Nursing Home (JPY million)	Premium/ (Discount) of the Agreed Purchase Price for the Japan Nursing Home over/to the Average of the Two Valuations
					CWKK (JPY million)	CBRE (JPY million)			
9.	Elyision Mamigaoka & Elyision Mamigaoka Annex	Nara	Nursing Home	160	2,370	2,370	2,370	2,370	0.0%
10.	Orchard Amanohashidate	Kyoto	Nursing Home	60	967	899	933	933	0.0%
11.	Orchard Kaichi North	Nagano	Nursing Home	79	1,320	1,340	1,330	1,303	(2.0)%
12.	Orchard Kaichi West	Nagano	Nursing Home	29	427	424	426	405	(4.9)%
			Total	1,451	24,829	25,022	24,926	24,213	(2.9)%

Note:

(1) Any discrepancies in the table above are due to rounding.

2. THE EXISTING PORTFOLIO

The Existing Portfolio of First REIT comprises Siloam Hospitals Yogyakarta, Siloam Hospitals Buton & Lippo Plaza Buton, Siloam Hospitals Labuan Bajo, Siloam Hospitals Kupang & Lippo Plaza Kupang, Siloam Sriwijaya, Siloam Hospitals Purwakarta, Siloam Hospitals Bali, Siloam Hospitals TB Simatupang, Siloam Hospitals Manado & Hotel Aryaduta Manado, Siloam Hospitals Makassar, Mochtar Riady Comprehensive Cancer Centre, Siloam Hospitals Lippo Cikarang, Siloam Hospitals Lippo Village, Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk and Imperial Aryaduta Hotel & Country Club, which are located in Indonesia; and Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lentor Residence, which are located in Singapore.

2.1 Summary

The following table sets out a summary of selected information on the Existing Portfolio as at 31 December 2020, unless otherwise stated.

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/Saleable Rooms	Latest Appraised Value (\$ million)
Indonesia				
Siloam Hospitals Yogyakarta	12,474	15 years with option to renew for 15 years with effect from 1 January 2021	249	20.1
Siloam Hospitals Buton (“SHBN”) & Lippo Plaza Buton (“LPB”)	21,934	SHBN: 15 years with option to renew for 15 years with effect from 1 January 2021 LPB: 15 years with option to renew for 15 years with effect from 10 October 2017	140 (Hospital only)	24.9
Siloam Hospitals Labuan Bajo	7,604	15 years with option to renew for 15 years with effect from 1 January 2021	124	11.2
Siloam Hospitals Kupang (“SHKP”) & Lippo Plaza Kupang (“LPK”)	55,368	SHKP: 15 years with option to renew for 15 years with effect from 1 January 2021 LPK: 15 years with option to renew for 15 years with effect from 14 December 2015	416 (Hospital only)	53.5
Siloam Sriwijaya	15,709	15 years with option to renew for 15 years with effect from 1 January 2021	357	24.7

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/ Saleable Rooms	Latest Appraised Value (S\$ million)
Siloam Hospitals Purwakarta	8,254	15 years with option to renew for 15 years with effect from 1 January 2021	235	22.9
Siloam Hospitals Bali	20,958	15 years with option to renew for 15 years with effect from 1 January 2021	281	63.0
Siloam Hospitals TB Simatupang	18,605	15 years with option to renew for 15 years with effect from 1 January 2021	269	41.9
Siloam Hospitals Manado (“SHMD”) & Hotel Aryaduta Manado (“HAMD”)	36,051	SHMD: 15 years with option to renew for 15 years with effect from 1 January 2021 HAMD: 15 years with option to renew for 15 years with effect from 30 November 2012	238 Beds and 200 Rooms	77.5
Siloam Hospitals Makassar	14,307	15 years with option to renew for 15 years with effect from 1 January 2021	362	66.0
Mochtar Riady Comprehensive Cancer Centre	37,933	15 years with option to renew for 15 years with effect from 1 January 2021	334	126.9
Siloam Hospitals Lippo Cikarang	13,256	15 years with option to renew for 15 years with effect from 31 December 2010	164	49.8
Siloam Hospitals Lippo Village	32,696	15 years with option to renew for 15 years with effect from 1 January 2021	308	164.0
Siloam Hospitals Kebon Jeruk	20,268	15 years with option to renew for 15 years with effect from 1 January 2021	285	73.8
Siloam Hospitals Surabaya	9,065	15 years with option to renew for 15 years with effect from 1 January 2021	162	40.3
Imperial Aryaduta Hotel & Country Club	17,926	1 year 21 days with option to renew for 1 year with effect from 11 December 2021 ⁽¹⁾	190	41.4

Description	GFA (sq m)	Lease Terms	Maximum No. of Beds/Saleable Rooms	Latest Appraised Value (\$ million)
Singapore				
Pacific Healthcare Nursing Home @ Bukit Merah	3,593	10 years with option to renew for 10 years exercised with effect from 11 April 2007	259	9.1
Pacific Healthcare Nursing Home II @ Bukit Panjang	3,563	10 years with option to renew for 10 years exercised with effect from 11 April 2007	265	9.4
The Lantor Residence	4,005	10 years with option to renew for 10 + 10 years with effect from 8 June 2007	208	15.3

Note:

- (1) As announced on 29 November 2021, when the existing master lease agreement in respect of Imperial Aryaduta Hotel & Country Club expires on 10 December 2021, it will be renewed by the entry into a new master lease agreement.

2.2 Description of the Properties in the Existing Portfolio

2.2.1 Siloam Hospitals Yogyakarta

Siloam Hospitals Yogyakarta (“**SHYG**”), which is located at Jalan Laksda Adi Sucipto No. 32 – 34, Yogyakarta, comprises a 10-storey building (including one basement and one mezzanine level), which was originally built in 2005, erected on land with a total land area of 13,715 sq m. It has a shared multi-storey vehicle parking area on the upper levels totalling 752 and 875 car and motorcycle lots, respectively, and a helipad on the roof.

SHYG has a GFA of 12,474 sq m with a maximum capacity of 249 beds and commenced operations under the “Siloam Hospitals” brand in July 2017 with Centres of Excellence for Neuroscience and Cardiology. Physical construction and redevelopment works for SHYG were completed in 2015.

2.2.2 Siloam Hospitals Buton & Lippo Plaza Buton

Siloam Hospitals Buton (“**SHBN**”), which is located at Jl. Sultan Hasanuddin no. 54 and 58, Bau Bau, Southeast Sulawesi, Indonesia, comprises a custom built three-storey hospital with a maximum capacity of 140 beds that commenced operations in April 2016 and ancillary healthcare-related space. SHBN has a total GFA of 10,796 sq m. SHBN is a Centre of Excellence for Emergency & Trauma.

Lippo Plaza Buton (“**LPB**”), which is located at Jl. Sultan Hasanuddin no. 50 and 52, Bau Bau, Southeast Sulawesi, Indonesia, is a stand-alone single storey retail mall which commenced operations in December 2015. LPB has a total GFA of 11,138 sq m. LPB provides amenities to the visitors of SHBN. In addition, SHBN is directly linked and integrated with LPB.

2.2.3 Siloam Hospitals Labuan Bajo

Siloam Hospitals Labuan Bajo (“**SHLB**”), which is located at Jl. Gabriel Gampur, RT.013/RW.005, Dusun V – Desa/Kelurahan Gorontalo – Kecamatan Komodo Kabupaten Manggarai Barat, comprises a custom built three-storey hospital with a maximum capacity of 124 beds that commenced operations in mid-January 2016. SHLB has a total GFA of 7,604 sq m. SHLB is a Centre of Excellence for Emergency Medicine, Internal Medicine and Neuroscience. Some of the medical facilities available at SHLB include emergency rooms, operating theatres, delivery rooms, outpatient clinics, inpatient services, isolation rooms, intensive care unit, neonatal intensive care unit, X-ray machines, ultrasonography and 3-dimension echocardiography.

2.2.4 Siloam Hospitals Kupang & Lippo Plaza Kupang

Siloam Hospitals Kupang (“**SHKP**”), which is located at Jalan Veteran No. 4, Arena Pameran Fatululi, Kupang, East Nusa Tenggara, Indonesia, comprises a four-storey hospital building with one basement floor with a GFA of 21,593 sq m. It has a maximum capacity of 416 beds and 133 vehicle parking spaces. SHKP was completed in November 2014 and commenced operations under the “Siloam Hospitals” brand on 20 December 2014. It is a Centre of Excellence for Emergency & Trauma, Obstetrics, Gynaecology and Paediatrics, while the various specialties offered include Internal Medicine, Anaesthesiology, Cardiology, Obstetrics & Gynaecology, Neurology and General Surgery.

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

2.2.5 Siloam Sriwijaya

Siloam Sriwijaya is a strata-titled seven-storey hospital building which was completed in 2012. It has a maximum capacity of 357 beds. Siloam Sriwijaya is part of the Palembang Square Extension, which is an integrated development which comprises a shopping mall, a hospital and 800 vehicle parking lots. Siloam Sriwijaya is currently operating under the “Siloam Hospitals” brand. Siloam Sriwijaya has a GFA of about 15,709 sq m. The hospital is equipped with state-of-the-art medical equipment. Siloam Sriwijaya is also a Centre of Excellence for Emergency & Trauma and Gastroenterology.

2.2.6 Siloam Hospitals Purwakarta

Siloam Hospitals Purwakarta comprises a three-storey hospital building and a five-storey hospital building adjoining each other. It has a maximum capacity of 235 beds. The three-storey and five-storey hospital buildings were completed in 2005 and 2008 respectively. Siloam Hospitals Purwakarta has a total GFA of about 8,254 sq m and is located at Jalan Raya Bungursari No. 1, Purwakarta, West Java, Indonesia. It is equipped with state-of-the-art medical equipment and is a Centre of Excellence for Emergency & Trauma.

2.2.7 Siloam Hospitals Bali

Siloam Hospitals Bali, located at Jalan Sunset Road No. 818, Kuta, Badung, Bali, Indonesia, commenced operations on 17 December 2012. Siloam Hospitals Bali has an operational capacity of 281 beds, with integrated shops for related use. Siloam Hospitals Bali is located on Jalan Sunset Road which connects to the Kuta Area and Denpasar City, one of the fastest growing areas in Bali. Notable developments in the vicinity of Siloam Hospitals Bali include Carrefour, Bali Galeria Shopping Mall and Ngurah Rai International Airport. Siloam Hospitals Bali is a Centre of Excellence for Cardiology, Emergency & Trauma and Orthopaedics.

2.2.8 Siloam Hospitals TB Simatupang

Siloam Hospitals TB Simatupang, a 16-storey hospital with two basement levels, commenced operations on 15 April 2013. Siloam Hospitals TB Simatupang has an operational capacity of 269 beds. Siloam Hospitals TB Simatupang, located close to the Fatmawati toll gate on Jakarta Outer Ring Road which connects the inner-city toll road with Bintaro and Serpong areas and which is near to the middle to upper class residential area of Pondok Indah and Cinere, is highly accessible via public and private transportation. Notable developments in the vicinity of Siloam Hospitals TB Simatupang include Metropolitan Tower Office Building, Poins Square and the South Quarter (a mixed-use development comprising integrated office towers, apartment and retail facilities). Siloam Hospitals TB Simatupang is a Centre of Excellence for Cardiology, Emergency & Trauma, Neuroscience and Oncology.

2.2.9 Siloam Hospitals Manado & Hotel Aryaduta Manado

Siloam Hospitals Manado & Hotel Aryaduta Manado, located at Jalan Sam Ratulangi No. 22, Komplek Boulevard Centre and at Jalan Piere Tendean No. 1, Manado, North Sulawesi, Indonesia, Republic of Indonesia, is an 11-storey mixed-use development with a basement level, comprising Siloam Hospitals Manado & Hotel Aryaduta Manado which sit on common land titles and share a common lobby (with separate entrances). Siloam Hospitals Manado is a four-level hospital which commenced operations on 1 June 2012 with a maximum operational capacity of 238 beds. Hotel Aryaduta Manado is a nine-level five-star hotel with 200 guest rooms, which commenced operations on 1 January 2011.

Siloam Hospitals Manado & Hotel Aryaduta Manado is situated on the east side of Jalan Piere Tendean and on the west side of Jalan Sam Ratulangi, both of which are primary roads in the city centre that are lined with office buildings, shopping centres, shop houses and hotels. It covers a total GFA of 36,051 sq m, of which 11,476 sq m is occupied by Siloam Hospitals Manado and 23,430 sq m is occupied by Hotel Aryaduta Manado and 1,145 sq m of shared machinery and equipment space.

Siloam Hospitals Manado is a Centre of Excellence for Emergency & Trauma. The hospital is fully equipped with the latest medical equipment and facilities, including CT, MRI, Ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres.

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

Hotel Aryaduta Manado is integrated with Siloam Hospitals Manado and is well positioned to benefit from shared services and healthcare tourism, given its location. It provides convenient accommodation for out-of-town inpatients, outpatients and day-surgery patients, as well as their families.

2.2.10 Siloam Hospitals Makassar

Siloam Hospitals Makassar is located at Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi, Indonesia. Siloam Hospitals Makassar is a seven-storey hospital which commenced operations on 9 September 2012 with a maximum operational capacity of 362 beds. Siloam Hospitals Makassar is located on the west side of Jalan Metro Tanjung Bunga in Tanjung Bunga, an integrated township development consisting of residential and commercial development. Notable developments in the vicinity of Siloam Hospitals Makassar include Hotel Aryaduta Makassar, Tanjung Bunga Marketing Office, Celebas Convention Centre, Trans Makassar Mall and Losari Beach.

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

2.2.11 Mochtar Riady Comprehensive Cancer Centre

Mochtar Riady Comprehensive Cancer Centre is Indonesia's first private comprehensive cancer treatment centre with state-of-the-art equipment.

Located near Plaza Semanggi, The Aryaduta Apartments and other international five-star hotels in Central Jakarta, the 29-storey, 334 beds Mochtar Riady Comprehensive Cancer Centre will serve the needs of international and Indonesian patients. It is a Centre of Excellence for Oncology, Gastroenterology and Emergency & Trauma.

Mochtar Riady Comprehensive Cancer Centre not only adopts a preventative focus through health screening, but is also the first facility in Indonesia to offer break-through technologies that are at the forefront of cancer treatment and cancer diagnostics globally. Among the other firsts for Mochtar Riady Comprehensive Cancer Centre are a palliative care & oncology wellness centre, high dose brachytherapy, radio-immunotherapy (RIT), radiopeptide therapy, molecular imaging with PET/Computed Tomography (PET/CT), and Single Photon Emission Computed Tomography/CT (SPECT/CT) scanning.

It also provides chemotherapy, complementary therapy, Linear Accelerator treatment, Multi Slice CT, High field strength MRI, angiography, inhouse clinical trials and integrated IT and PACS/RIS.

2.2.12 Siloam Hospitals Lippo Cikarang

Siloam Hospitals Lippo Cikarang commenced operations in 2002 and has quickly built its reputation for providing international standards in medical care in the growing residential area east of Jakarta. Siloam Hospitals Lippo Cikarang has 164 beds and is supported by a team of specialist doctors and qualified nurses offering a broad range of general and specialist services, including an A&E Department. Siloam Hospitals Lippo Cikarang is a Centre of Excellence for Emergency & Trauma, Internal Medicine and Urology.

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

2.2.13 Siloam Hospitals Lippo Village

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

In November 2007, Siloam Hospitals Lippo Village became the first Indonesia hospital to attain the United States-based Joint Commission International accreditation – the world's leading internationally recognised hospital accreditation award – putting it in the same league as other leading hospitals in the region. The hospital occupies a land area of 17,442 sq m and has a GFA of 32,696 sq m.

2.2.14 Siloam Hospitals Kebon Jeruk

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

With its location about 6.0 km west of Jakarta Central, Siloam Hospitals Kebon Jeruk serves a large catchment of middle to upper income residents in the West Jakarta area. The hospital received Indonesian Hospital Accreditation from the Ministry of Health in 2002. The hospital occupies a land area of 11,420 sq m and has a GFA of 20,268 sq m. The hospital was accredited with the prestigious United States-based Joint Commission International accreditation in August 2016.

2.2.15 Siloam Hospitals Surabaya

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

Siloam Hospitals Surabaya is a Centre of Excellence for Cardiology, Emergency & Trauma with a maximum bed capacity of 162 beds. The hospital occupies a land area of 4,306 sq m and has a GFA of 9,065 sq m.

2.2.16 Imperial Aryaduta Hotel & Country Club

One of the very few hotels with linked country clubs in Jakarta, the 190-room five-star Imperial Aryaduta Hotel & Country Club comes complete with a wide range of sports, recreational, convention, and food and beverage services.

Located next to Siloam Hospitals Lippo Village, Imperial Aryaduta Hotel & Country Club provides accommodation for out-of-town inpatients, outpatients and day-surgery patients as well as their families. The hotel also attracts business travellers as it is located near the business and industrial areas of Cilegon. The property occupies a land area of 54,410 sq m and has a GFA of 17,926 sq m.

2.2.17 Pacific Healthcare Nursing Home @ Bukit Merah

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

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

2.2.18 Pacific Healthcare Nursing Home II @ Bukit Panjang

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

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

2.2.19 The Lentor Residence

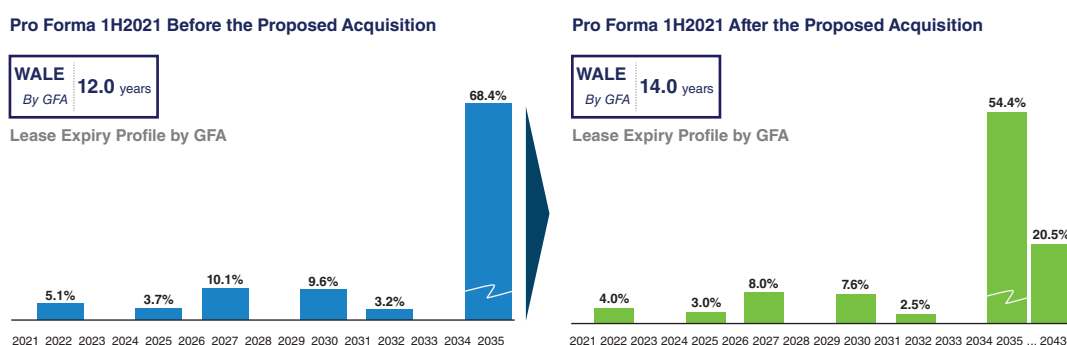
The Lentor Residence is a five-storey custom-built nursing home situated at Lentor Avenue, and is managed by The Lentor Residence Pte. Ltd. Included as part of the health and medical care of the Master Plan Zoning (2019 Edition), the 208-bed nursing home occupies a land area of 2,486 sq m and has a GFA of 4,005 sq m.

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

2.3 Lease Expiry of the Existing and Enlarged Portfolio

The following chart illustrates the WALE of the Existing Portfolio and the Enlarged Portfolio as at 30 June 2021. The WALE by GFA will improve from approximately 12.0 years for the Existing Portfolio as at 30 June 2021 to approximately 14.0 years for the Enlarged Portfolio.

Lease Expiry Profile¹

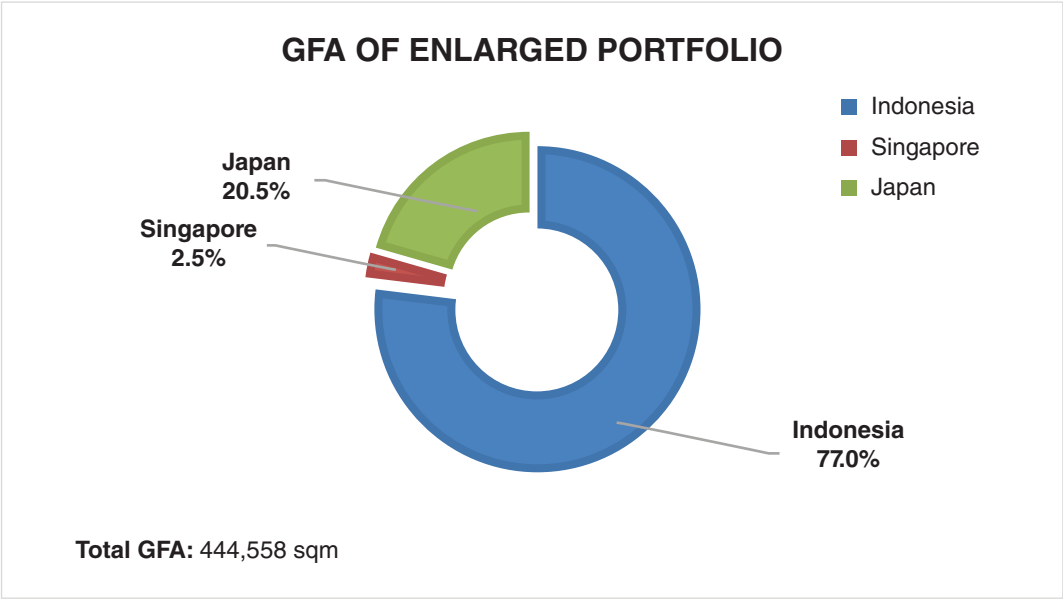


2.4 Geographical Sector Analysis of the Existing Portfolio and the Enlarged Portfolio

The following charts provide a breakdown by GFA of the different geographical sectors of the Existing Portfolio and the Enlarged Portfolio as at 30 June 2021. They are classified as Indonesia, Singapore and Japan.

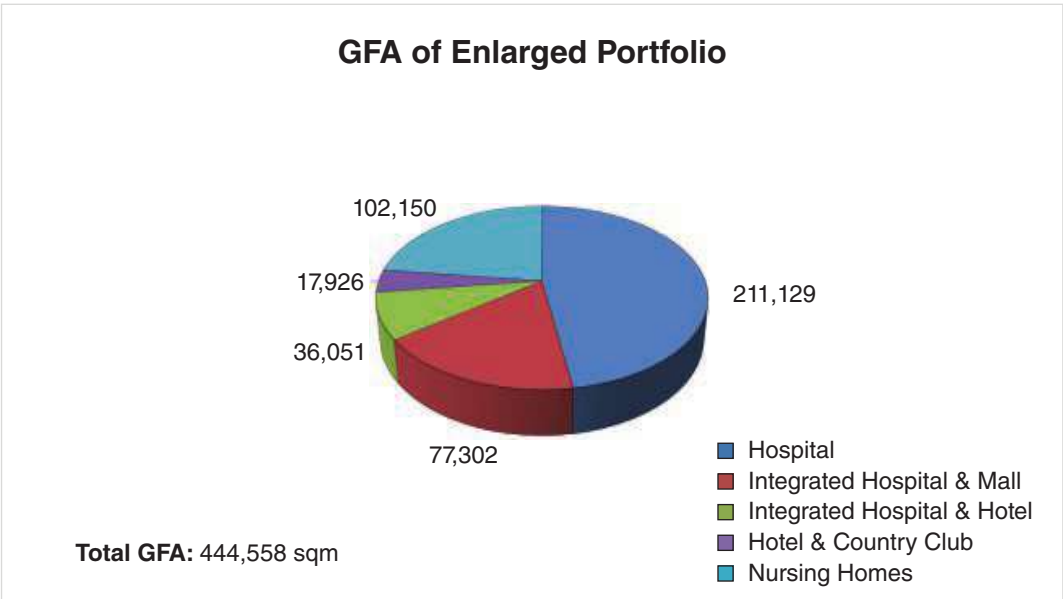
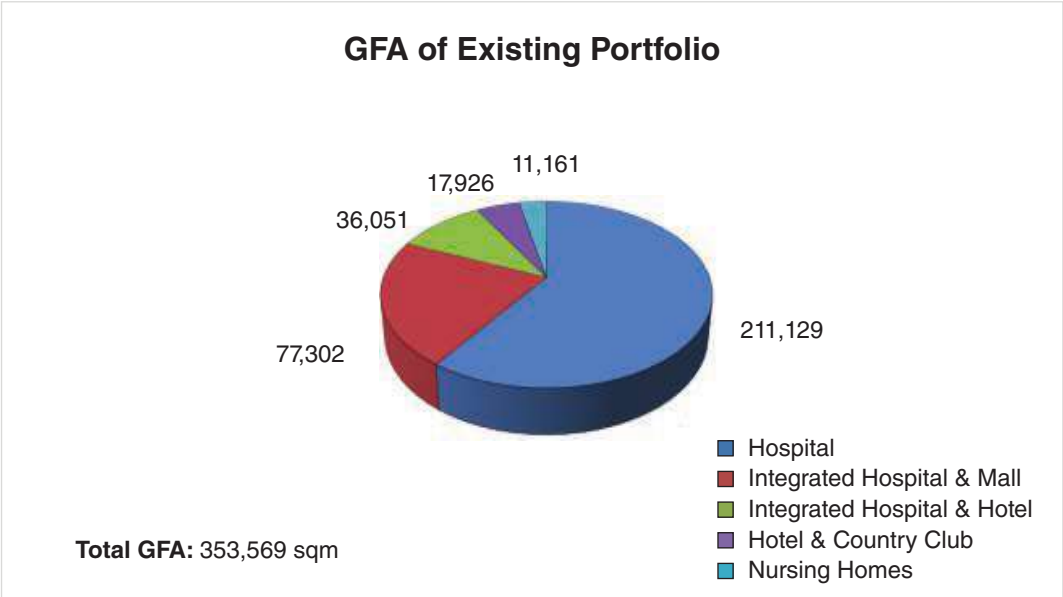
¹ Based on the Existing Portfolio, including the renewed master lease agreement in respect of Imperial Aryaduta Hotel & Country Club as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.

The GFA of the Enlarged Portfolio as at 30 June 2021 will increase by 25.7% from 353,569 sq m to 444,558 sq m after the Proposed Acquisition.



2.5 Asset Classification Analysis of the Existing Portfolio and the Enlarged Portfolio

The following charts provide a breakdown by GFA of the different asset classifications of the Existing Portfolio and the Enlarged Portfolio as at 30 June 2021.



The GFA of the Nursing Homes classification in the Enlarged Portfolio increased by 815.2% from 11,161 sq m to 102,150 sq m after the Proposed Acquisition.

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INDEPENDENT FINANCIAL ADVISER'S LETTER

STIRLING COLEMAN CAPITAL LIMITED

(Company registration no.:200105040N)

9 Raffles Place

Distrii Level 6, Republic Plaza

Singapore 048619

6 January 2022

To: The Independent Directors of the Manager, the Audit and Risk Committee of the Manager and to the Trustee

Dear Sirs

INDEPENDENT FINANCIAL ADVISER'S ADVICE IN RESPECT OF:

- (1) THE PROPOSED ACQUISITION (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION;
- (2) THE PROPOSED ISSUE OF 431,147,541 NEW UNITS AS PARTIAL CONSIDERATION FOR THE PROPOSED JMF ACQUISITION (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION;
- (3) THE PROPOSED WHITEWASH RESOLUTION; AND
- (4) THE PROPOSED SETTLEMENT (AS DEFINED HEREIN), AS AN INTERESTED PERSON TRANSACTION;

(COLLECTIVELY, THE "PROPOSED TRANSACTIONS").

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 6 January 2022 to the Unitholders of First REIT (the "Circular").

1 INTRODUCTION

1.1 Approvals Sought

The Manager is seeking the approval of independent Unitholders by way of Ordinary Resolution¹ for the following:

Resolution 1: The Proposed Acquisition

The proposed acquisition from OUE Lippo Healthcare Limited ("OUELH") by the Trustee of 100.0% of the issued and paid-up share capital of each of:

- (a) OUELH Japan Medical Facilities Pte. Ltd. ("JMF", and 100.0% of the issued and paid-up share capital of JMF, the "JMF Sale Shares"), which owns a 100.0% interest in 12 nursing homes located in Japan (the "Japan Nursing Homes"), for an aggregate purchase consideration of approximately S\$163.2 million (subject to post-completion adjustments) (the "JMF Purchase Consideration") (the "Proposed JMF Acquisition"); and

¹ "Ordinary Resolution" refers to a resolution proposed and passed as such by a majority being more than 50.0% of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed dated 19 October 2006 constituting First REIT, entered into between the Trustee and the Manager, as amended, varied or supplemented from time to time (the "Trust Deed").

- (b) OUELH Japan Medical Assets Pte. Ltd. (“**JMA**”, and 100.0% of the issued and paid-up share capital of JMA, the “**JMA Sale Shares**”) for a purchase consideration of approximately S\$0.3 million (subject to post-completion adjustments) (the “**JMA Purchase Consideration**”, and together with the JMF Purchase Consideration, the “**Purchase Consideration**”) (the “**Proposed JMA Acquisition**”, and together with the Proposed JMF Acquisition, the “**Proposed Acquisition**”);

Resolution 2: the Proposed Issue of 431,147,541 Consideration Units

The proposed issue of up to approximately S\$131.5 million worth of Consideration Units to OLH Healthcare Investments Pte. Ltd. (“**OHI**”) (being a wholly-owned subsidiary of OUELH), which has been nominated by OUELH to receive the Consideration Units, as partial consideration for the Proposed JMF Acquisition (the “**Proposed Issue of Consideration Units**”).

Resolution 3: the Proposed Whitewash Resolution

The Manager is seeking approval from Unitholders other than OHI and its Concert Parties (the “**Independent Unitholders**”) for a waiver of their right to receive a Mandatory Offer from OHI, in the event that OHI incurs an obligation to make a mandatory offer as a result of the receipt by OHI of the Consideration Units as partial consideration for the Proposed JMF Acquisition (the “**Proposed Whitewash Resolution**”).

Resolution 4: The Proposed Settlement

The proposed full and final settlement of any and all claims which PT Tata Prima Indah (“**PT TPI**”) (which is an indirect wholly-owned subsidiary of First REIT) may have against PT Saputra Karya (“**PT SK**”) (which is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (“**LPKR**”)) in respect of the progress payments which PT TPI has made to PT SK as at 7 December 2021 under a development works agreement entered into between PT TPI and PT SK on 20 October 2015 (the “**Development Works Agreement**”) amounting to an aggregate of S\$27,000,000.00 (the “**Progress Payments**”), the reasonable costs, fees, expenses and other payments which PT TPI has incurred as at 28 June 2020 under the Development Works Agreement amounting to an aggregate of S\$918,093.60 (the “**Project Expenses**”, and together with the Progress Payments, the “**Progress Payments and Project Expenses**”) and outstanding amount of the interest which PT TPI is entitled to be paid at a rate of 10.0% per annum on the Progress Payments from 28 June 2019 to 27 June 2020 amounting to an aggregate of S\$2,688,164.38 (the “**Interest**”) (the “**Proposed Settlement**”);

Unitholders should note that:

- i) Resolution 1 (the Proposed Acquisition) and Resolution 2 (the Proposed Issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the Proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried;
- ii) For the avoidance of doubt, Resolution 4 is not conditional upon any of Resolution 1, Resolution 2 or Resolution 3, and vice versa.

1.2 The Proposed Acquisition, the Proposed Issue of Consideration Units and the Proposed Settlement are Interested Person Transactions² and Interested Party Transaction³ requiring Unitholders Approval

² “**Interested Person Transactions**” means a transaction between an entity at risk and an Interested Person as defined under Chapter 9 of the Listing Manual.

³ “**Interested Party Transaction**” has the meaning ascribed to it in Paragraph 5 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“**MAS**”) (the “**Code on CIS**”, and Appendix 6 of the Code on CIS, the “**Property Funds Appendix**”).

The Proposed Acquisition

As at the Latest Practicable Date, OUELH holds, through its wholly-owned subsidiary, OLH Healthcare Investments Pte. Ltd. (“OHI”), and the Manager (of which OUELH owns 40.0%), an aggregate interest in 411,245,744 Units, which is equivalent to approximately 25.50% of the Units, and is therefore regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as OUELH owns 40.0% of the shares in the Manager, OUELH is therefore regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, OUELH (being a Controlling Unitholder of First REIT and a Controlling Shareholder of the Manager) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT. Therefore, the Proposed Acquisition is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

The Proposed Issue of Consideration Units

As OHI is a wholly-owned subsidiary of OUELH, and OUELH is a Controlling Shareholder of the Manager, the proposed issue of Consideration Units to OHI (which has been nominated by OUELH to receive the Consideration Units) will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual, in respect of which the approval of Unitholders is required.

Accordingly, the Manager is seeking the approval of Unitholders by way of an Ordinary Resolution for the proposed issue of the Consideration Units to OHI (which has been nominated by OUELH to receive the Consideration Units).

The Proposed Settlement

As at the Latest Practicable Date, Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in an aggregate of 466,361,549 (or approximately 28.91%) of the Units, and are therefore each regarded as a Controlling Unitholder of First REIT under both the Listing Manual and the Property Funds Appendix. In addition, as Dr Stephen Riady and Mr James Tjahaja Riady are each deemed to be interested in 100.0% of the shares in the Manager, Dr Stephen Riady and Mr James Tjahaja Riady are therefore each regarded as a Controlling Shareholder of the Manager under both the Listing Manual and the Property Funds Appendix.

Based on the latest information available to the Manager as at 31 December 2021, Dr Stephen Riady and Mr James Tjahaja Riady were each deemed to be interested in an aggregate of 41,844,108,005 (or approximately 59.02%) of the shares in LPKR.

PT SK is an indirect wholly-owned subsidiary of LPKR. By virtue of their interests in LPKR, Dr Stephen Riady and Mr James Tjahaja Riady are in turn each deemed to be interested in 100.0% of the shares in PT SK and, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, PT SK (being a company in which a Controlling Unitholder of First REIT has an interest of 30% or more and being a company in which a Controlling Shareholder of the Manager has an interest of 30% or more) is an Interested Person (for the purposes of the Listing Manual) and an Interested Party (for the purposes of the Property Funds Appendix) of First REIT.

Therefore, the Proposed Settlement is an Interested Person Transaction under Chapter 9 of the Listing Manual, as well as an Interested Party Transaction under Paragraph 5 of the Property Funds Appendix.

2 TERMS OF REFERENCE

Stirling Coleman has been appointed as required under Listing Rule 921(4)(a), as well as to advise, from a financial point of view, the Independent Directors, the Audit and Risk Committee and the Trustee in relation

to the Proposed Transactions; which includes the Proposed Acquisition, the Proposed Issue of Consideration Units, the Proposed Whitewash Resolution and the Proposed Settlement, as follows:

- (a) for each of the Proposed Acquisition, the Proposed Issue of Consideration Units and the Proposed Settlement, (i) whether it is on normal commercial terms and (ii) whether it is prejudicial to the interests of First REIT and its minority Unitholders; and
- (b) whether (i) the terms of the Proposed Issue of Consideration Units as partial consideration for the Proposed JMF Acquisition, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable and (ii) the Proposed Whitewash Resolution is fair and reasonable.

We have prepared this Letter pursuant to Listing Rule 921(4)(a) as well as for the use of the Independent Directors and the Audit and Risk Committee in connection with their consideration of the Proposed Transactions and their advice and recommendation to the Unitholders in respect thereof. The recommendations made to the Unitholders in relation to the Proposed Transactions remains the responsibility of the Independent Directors and the Audit and Risk Committee. This Letter is further given for the benefit of Perpetual (Asia) Limited (in its capacity as Trustee of First REIT).

We were not involved in any aspect of the negotiations in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision by the Board of Directors to enter into the Proposed Transactions, and we do not, by this Letter or otherwise, advise or form any judgement on the merits of the Proposed Transactions other than to form an opinion on each of the Proposed Transactions as stated above.

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

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

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, real property, machinery and equipment) of First REIT or the Proposed Transactions, and we have not been furnished with any such evaluation or appraisal except for the relevant valuation reports dated 29 October 2021 in relation to the Japan Nursing Homes by the Independent Valuers. We are not experts in the evaluation or appraisal of assets and liabilities or the determination of the market value of the Japan Nursing Homes and have relied solely on the Independent Valuers in this respect.

In formulating our opinion and recommendation, we have held discussions with the Directors and management of the Manager and have examined publicly available information and we have relied to a considerable extent on the information set out in the Circular, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Manager and its other professional advisers. We have relied upon the assurance of the Directors and the management of the Manager that all statements of fact, opinion and intention made by the Directors and the management of the Manager in the Circular have been reasonably made after due and careful enquiry. We have not independently verified such information but have made such reasonable enquiries and exercised our judgement as we deemed appropriate on such information and have no reason to doubt the accuracy or reliability of the information used for the purposes of our evaluation. Accordingly, we cannot and do not expressly and impliedly represent or warrant, and do not accept any responsibility for the accuracy, or completeness or adequacy of such information or the manner in which it has been classified

or presented on the basis of any valuation which may have been included in the Circular or announced by First REIT. The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. Accordingly, we do not express an opinion herein as to the prices at which the Units of First REIT may trade upon completion of the Proposed Transactions.

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

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

Our recommendation in respect of each of the Proposed Transactions as set out in Section 13 of the Circular, should be considered in the context of the entirety of this Letter and the Circular. Where information in this Letter has been extracted from the Circular, Unitholders are urged to read the corresponding sections in the Circular carefully.

3 INFORMATION ON THE PROPOSED ACQUISITION

Detailed descriptions of the Proposed Acquisition are set out in **Section 2** of the Circular. The key information relating to the Proposed Acquisition are reproduced below.

3.1 Description of the Japan Nursing Homes

“The Japan Nursing Homes is a portfolio of 12 quality nursing homes located across Japan in Hokkaido, Nagano, Nara and Kyoto. With over 90% average operational occupancy⁴ as at 30 September 2021⁵ across approximately 1,451 units, all 12 nursing homes are middle- to high-end facilities with communal facilities such as lounges, restaurants and other community spaces. The nursing homes are professionally operated by local Japanese operators that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.”

Further information regarding details on each of the Japan Nursing Homes is set out in **Section 2.1** of the Circular.

3.2 Certain Details of the Master Lease Agreements in Respect of the Japan Nursing Homes

“Save for Varus Cuore Sapporo-Kita Annex, each of the Japan Nursing Homes has a 30-year master lease, which commenced from 25 April 2013⁶.

*Under the terms of each of the master lease agreements in respect of the Japan Nursing Homes (the “**Master Lease Agreements**”), the annual rent shall be a fixed amount, save that such annual rent may be*

⁴ The average operational occupancy rate refers to the number of units occupied in the nursing homes. The nursing homes are 100% master leased to independent local operators.

⁵ Based on the unaudited information provided by OUELH as at 30 September 2021

⁶ The master lease in respect of Varus Cuore Sapporo-Kita Annex commenced on 30 September 2014 with a lease expiry date of 24 April 2043.

revised every two years⁷ or three years⁸ upon negotiation based on the increase in Japan's consumer price index and interest rates. The rent may not be reduced unless certain requirements under Article 32 of the Act on Land and Building Leases⁹ are met.

Under the terms of each of the Master Lease Agreements, the relevant master lessee is required to pledge to the lessor a rental deposit for an amount equal to six months¹⁰ or four months¹¹ of the monthly rent payable by the relevant master lessee in accordance with the terms of the relevant Master Lease Agreement.

The lease expiry date under each of the Master Lease Agreements is 24 April 2043, unless terminated earlier. If neither party indicates an intention to terminate at least six months prior to the respective lease expiry dates, the lease term shall be renewed for a further five years.

Under the terms of each of the Master Lease Agreements, if a Master Lease Agreement is terminated by the relevant master lessee prior to the relevant non-cancellation date (in which case the relevant master lessee is required to provide a compelling reason to justify such cancellation and give at least 90 days' prior written notice to the lessor), the relevant master lessee must pay to the lessor, in a lump sum, a penalty in the amount equivalent to the rent for the residual period up to the relevant non-cancellation date. After the relevant non-cancellation date, the master lessee may terminate the lease by giving not less than 12 months' written notice to the lessor.

Under the terms of each of the Master Lease Agreements, if the master lessee falls under any one of a list of specified events¹² and has not cured such breach within a specified period set out under the Master Lease Agreements after it has received notice from the relevant lessor requiring the relevant master lessee to cure such breach, the relevant lessor may cancel the relevant Master Lease Agreement by giving written notice to the relevant master lessee.

Under the terms of each of the Master Lease Agreements, the master lessee has a priority negotiation right to purchase the relevant Japan Nursing Home in accordance with the terms of the relevant Master Lease Agreement. In the case where OUELH TMK (Japan) (as defined in paragraph 2.3 of this Letter to Unitholders) as lessor under each of the Master Lease Agreements intends to sell the relevant Japan Nursing Home to third parties except for certain related parties set out in the Master Lease Agreements¹³, OUELH TMK (Japan) shall notify the relevant master lessee of such intention and provide the relevant master lessee with exclusive negotiation rights to purchase the relevant Japan Nursing Home for one month."

Further information regarding the Master Lease Agreements in respect of the Japan Nursing Homes is set out in **Section 2.2** of the Circular.

⁷ In the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotonoi, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex.

⁸ In the case of ElySION Gakuenmae, ElySION Mamigaoka & ElySION Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West.

⁹ Article 32 of the Act on Land and Building Leases states that a lessee may request a future decrease in the rent where the building rent becomes unreasonable, as a result of the increase or decrease in tax and other burden or fall in property price, or fluctuations in other economic areas exist.

¹⁰ In the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotonoi, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex.

¹¹ In the case of ElySION Gakuenmae, ElySION Mamigaoka & ElySION Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West.

¹² Such specified events include, among others, the failure of a master lessee to pay the relevant rent set out in the relevant Master Lease Agreement for two months or more, the failure of a master lessee to pay the rental deposit set out in the relevant Master Lease Agreement and a master lessee having otherwise breached a provision of the relevant Master Lease Agreement.

¹³ In the case where the purchaser is (a) any entity into which International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited), Capbridge K.K. or Cryxis K.K. or their affiliate will make, directly or indirectly, an investment (regardless of the form of the investment) or (b) any entity the assets of which will be managed by International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited), Capbridge K.K. or Cryxis K.K. or their affiliate, including but not limited to any Singapore REIT managed, invested or sponsored by International Healthway Corporation Limited (now known as OUE Lippo Healthcare Limited) or its affiliates, the lessor may sell the property without providing exclusive negotiation rights under the terms of the master lease agreements in respect of the Japan Nursing Homes to the lessee.

3.3 Structure of the Proposed Acquisition

“It is proposed that First REIT will acquire a 100.0% interest in the Japan Nursing Homes through the acquisition by the Trustee of the JMF Sale Shares from OUELH.

*JMF is a private company limited by shares incorporated in Singapore on 3 January 2013. JMF indirectly owns the Japan Nursing Homes, which are leased to independent nursing home operators, through OUELH Japan First Tokutei Mokuteki Kaisha (“**OUELH TMK (Japan)**”). OUELH TMK (Japan) holds the Japan Nursing Homes, as well as acts as lessor under the Master Lease Agreements entered into with the various local Japanese operators of the Japan Nursing Homes that provide daily services, medical consultation services, leisure and entertainment programmes as well as nursing care, including special meal preparation, provision of functional training and toilet and bathing assistance.*

*Tokutei Mokuteki Kaisha (“**TMK**”) refers to a special purpose company established under the Act on Securitization of Assets of Japan (“**Securitization Law**”), which is entitled to reduced tax rates (upon the acquisition of a real estate) provided certain criteria are met. A TMK can also constitute a tax pass-through entity (although only with respect to profits) if certain criteria are satisfied.*

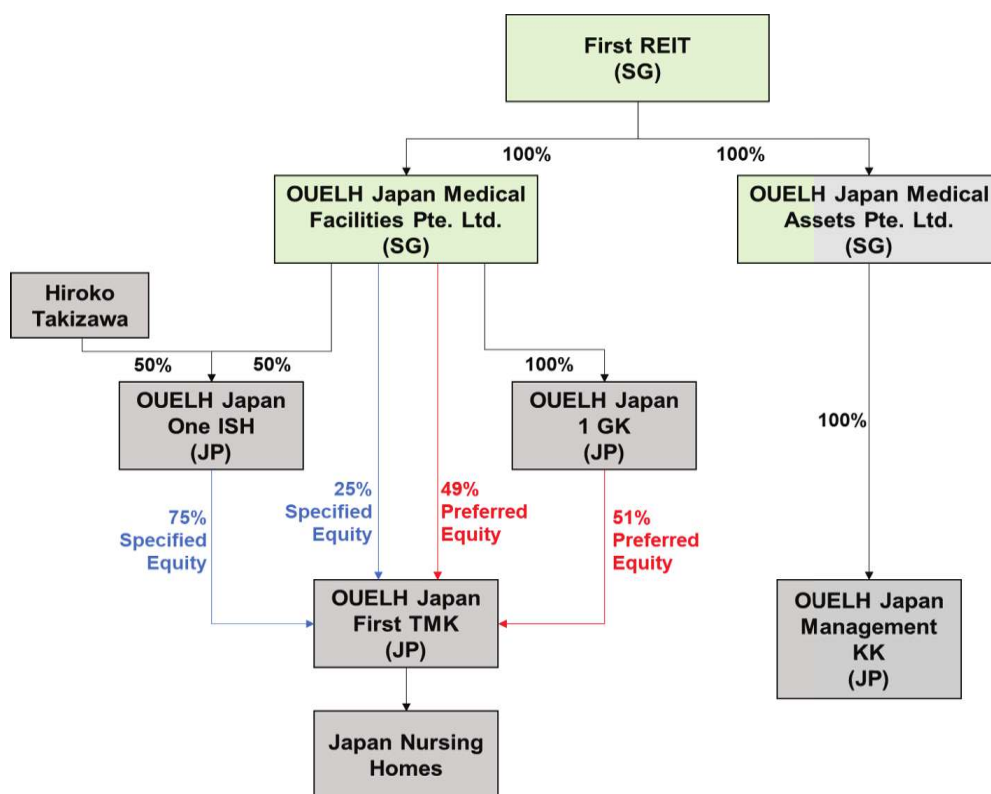
In order to be a tax-qualifying TMK, the shareholding structure of OUELH TMK (Japan) is as follows:

- (i) 75.0% of the specified equities in OUELH TMK (Japan) are held by OUELH Japan One ippan shadan hojin (“**OUELH ISH (Japan)**”), which is a bankruptcy remote entity established solely to act as a holder of the specified equities of OUELH TMK (Japan). OUELH ISH (Japan) has no potential income, loss or net worth. As at the Latest Practicable Date, JMF and Ms. Hiroko Takizawa, who is the representative director of OUELH ISH (Japan), each hold 50.0% of the issued and paid-up capital of OUELH ISH (Japan). Ms. Hiroko Takizawa is an independent professional third party member of OUELH ISH (Japan). Ms. Hiroko Takizawa and JMF, as the members of OUELH ISH (Japan), each have an equal voting right at OUELH ISH (Japan);*
- (ii) 51.0% of the preferred equities in OUELH TMK (Japan) are held by OUELH Japan 1 godo kaisha (“**OUELH GK (Japan)**”), and together with JMF, OUELH TMK (Japan) and OUELH ISH (Japan), the “**JMF Group Companies**”), which is a limited liability company established under the Company Act of Japan. As at the Latest Practicable Date, JMF holds 100.0% of the issued and paid-up capital of OUELH GK (Japan); and*
- (iii) the remaining 25.0% of the specified equities and 49.0% of the preferred equities of OUELH TMK (Japan) are held by JMF.*

In addition, it is proposed that First REIT will also acquire the JMA Sale Shares from OUELH as part of the Proposed Acquisition.

*JMA is a private company limited by shares incorporated in Singapore on 2 October 2014. JMA in turn holds 100.0% of the total issued and paid-up capital in OUELH Japan Management Co., Ltd. (“**HJJK**”), a kabushiki kaisha company incorporated in Japan. JMA is part of the ownership holding structure for the Japan Nursing Homes as HJJK has issued interest-bearing bonds to OUELH TMK (Japan) to facilitate the repatriation of the net rental income of the Japan Nursing Homes.*

The diagram below sets out the relationship between the various parties following completion of the Proposed Acquisition.”



3.4 Purchase Consideration and Valuation

The JMF Purchase Consideration and valuation

“The Trustee has commissioned an independent valuer, CWKK, and the Manager has commissioned an independent valuer, CBRE, to respectively value each of the Japan Nursing Homes.

The Japan Nursing Homes Agreed Property Value, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations the Independent Valuers, is JPY24,213 million and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Home of JPY24,926 million as at 29 October 2021.

In arriving at the open market value of each of the Japan Nursing Homes, the Independent Valuers relied on the income approach utilising the discounted cash flow method. This approach considers the Japan Nursing Homes as income producing properties.

The JMF Purchase Consideration is estimated to be approximately S\$163.2 million (subject to post-completion adjustments) based on the estimated NAV of JMF as at completion of the Proposed JMF Acquisition, taking into account the Agreed Purchase Price for the Japan Nursing Homes.”

Further information regarding the valuation of the Japan Nursing Homes is set out in **Appendix C** of the Circular.

The JMA Purchase Consideration

“The JMA Purchase Consideration is estimated to be approximately S\$0.3 million (subject to post-completion adjustments) based on the estimated NAV of JMA as at completion of the Proposed JMA Acquisition.”

3.5 Estimated Total Acquisition Cost for First REIT

“The estimated Total Acquisition Cost is approximately S\$168.0 million, comprising:

- (i) the JMF Purchase Consideration of approximately S\$163.2 million;*
- (ii) the JMA Purchase Consideration of approximately S\$0.3 million; and*
- (iii) the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition of approximately S\$4.5 million.*

To demonstrate its support for the Proposed Acquisition, the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

The estimated Total Acquisition Cost figures stated above are based on the balance sheets of JMF and JMA as at 30 September 2021 and are subject to post-completion adjustments based on the difference between the NAV of JMF and JMA as at 30 September 2021 and the completion date of the Proposed JMF Acquisition and the Proposed JMA Acquisition respectively, taking into account the Agreed Purchase Price for the Japan Nursing Homes. The post-completion adjustments shall take into account, among other things, (a) the net amount of any and all interest accruing to the relevant lender under the relevant JMF Intercompany Balances between 1 October 2021 and the completion of the Proposed JMF Acquisition, (b) the Further JMA Intercompany Balance that was incurred on 1 November 2021; and (c) the net amount of any and all interest accruing to the relevant lender under the relevant JMA Intercompany Balances between 1 October 2021 and the completion of the Proposed JMA Acquisition, as described at paragraph 2.5 of the Letter to Unitholders”

3.6 Method of Financing the Proposed Acquisition

“The Manager intends to finance the Total Acquisition Cost, estimated to be approximately S\$168.0 million, through a combination of:

- (i) S\$131.5 million through the issue of the Consideration Units to OHI, which has been nominated by OUELH as the vendor of the JMF Sale Shares to receive the Consideration Units;*
- (ii) S\$20.3 million through internal cash; and*
- (iii) S\$16.2 million through a net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount (each as defined in paragraph 2.5 of the Letter to Unitholders.”*

Further details on (i) the novation of intercompany balances, (ii) the principal terms and conditions of the JMF Sale and Purchase Agreement; (iii) the principal terms and conditions of the JMA Sale and Purchase Agreement; (iv) asset management of the Japan Nursing Homes; and (v) transfer of contractual status in respect of the Shinsei Bank Guarantee are set out in **Section 2** of the Circular.

4 INFORMATION ON THE PROPOSED ISSUE OF CONSIDERATION UNITS

Detailed descriptions of the Proposed Issue of Consideration Units are set out in **Section 3** of the Circular. The key information relating to the Proposed Issue of Consideration Units are reproduced below.

4.1 Proposed Issue of the Consideration Units

“The Manager proposes to issue up to approximately S\$131.5 million worth of Consideration Units to OHI (being a wholly-owned subsidiary of OUELH), which has been nominated by OUELH to receive the Consideration Units, as partial consideration for the Proposed JMF Acquisition.

The aggregate number of Consideration Units to be issued will be derived in the following manner:

$$\text{No. of Consideration Units} = Y \div \text{Consideration Unit Issue Price}$$

Where:

“Y” means approximately S\$131.5 million, being a portion of the JMF Purchase Consideration.

“Consideration Unit Issue Price” means S\$0.305, being an issue price determined based on negotiations between the Manager and OUELH. The Consideration Unit Issue Price of S\$0.305 is equal to the closing price of S\$0.305 per Unit on the SGX-ST on 7 December 2021, being the date of the JMF Sale and Purchase Agreement.

Based on the above formulation, S\$131.5 million shall be satisfied by way of the issue of 431,147,541 Consideration Units at the issue price of S\$0.305 per Consideration Unit to OHI.

The Consideration Units shall be issued on the date of the completion of the Proposed JMF Acquisition and when issued, will be fully paid.”

4.2 Distribution Periods

“At present, the Manager implements quarterly distributions of First REIT’s distributable income, with the last quarterly distribution announced for the period from 1 July 2021 to 30 September 2021 for Units traded under the “AW9U” counter.

The Consideration Units will only be entitled to participate in the distributable income of First REIT for the period from the date of their issue to the end of the relevant distribution period whereas the existing Units will be entitled to participate in the distributable income of First REIT for the entire relevant distribution period.

As the Consideration Units will not be entitled to participate in the distributable income of First REIT for the period from the start of the relevant distribution period to the day immediately prior to the date the Consideration Units are issued, it is necessary for the Consideration Units to trade under a separate stock counter for the period commencing from the date of issue of the Consideration Units to the last day of “cum-distribution” trading for them as well as the existing Units in respect of the relevant distribution. After the last day of “cum-distribution” trading, the Consideration Units trading on the temporary stock counter as well as the existing Units will be aggregated and traded under the same stock counter on the next market day, i.e. the first day of “ex-distribution” trading for both the Consideration Units and the existing Units.”

4.3 Status of the Consideration Units

“The Consideration Units will not be entitled to distributions by First REIT for the period up to the day immediately preceding the date of issue of the Consideration Units, and will only be entitled to receive distributions by First REIT from the date of their issue to the end of the distribution period in which the Consideration Units are issued, as well as all distributions thereafter. Other than the aforementioned, the Consideration Units, when issued and delivered in accordance with the terms of the JMF Sale and Purchase Agreement, will rank *pari passu* in all respects with all existing Units in issue as at the date prior to the date of issue of the Consideration Units.”

5 THE PROPOSED WHITEWASH RESOLUTION

Detailed descriptions of the Proposed Whitewash Resolution are set out in **Section 5** of the Circular. The key information relating to the Proposed Whitewash Resolution are reproduced below.

5.1 Rule 14 of the Take-over code

“The Manager is seeking approval from the Independent Unitholders for a waiver of their right to receive a Mandatory Offer from OHI, in the event that they incur an obligation to make a Mandatory Offer as a result of the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of the Consideration Units as partial consideration for the Proposed JMF Acquisition.

Upon the receipt by OHI of the Consideration Units, OHI and its Concert Parties may possibly end up acquiring units which exceeds the threshold pursuant to Rule 14.1(a) of the Take-over Code.

Rule 14.1(a) of the Take-over Code states that OHI and its Concert Parties would be required to make a Mandatory Offer, if OHI and its Concert Parties acquire whether by a series of transactions over a period of time or not, Units which (taken together with the Units held or acquired by persons acting in concert with him) carry 30.0% or more of the voting rights of First REIT.”

5.2 Unitholding of OHI and its Concert Parties in First REIT

“To the best of the knowledge of the Manager and OUELH, OHI and its Concert Parties hold, in aggregate, 471,614,118 Units representing approximately 29.24% of the voting rights of First REIT as at the Latest Practicable Date.”

5.3 Trigger of the requirement to make the mandatory offer

“Further to the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of 431,147,541 Consideration Units and to the best of the knowledge of the Manager, OHI and its Concert Parties would hold an aggregate indirect interest in 902,761,659 Units, representing approximately 44.16% of the total number of Units in issue immediately following the issue of the Consideration Units, which will result in OHI and its Concert Parties holding more than 30% of the voting rights of First REIT and thereby trigger the requirement for OHI and its Concert Parties to make a Mandatory Offer.

Unless waived by the SIC, pursuant to Rule 14.1(a) of the Take-over Code, OHI and its Concert Parties would then be required to make a Mandatory Offer. The SIC has granted this waiver on 22 November 2021 subject to, inter alia, Resolution 3 (the proposed Whitewash Resolution) being approved by Independent Unitholders at the EGM.”

5.4 Application for a waiver from Rule 14 of the Take-over Code

“An application was made to the SIC on 21 October 2021 for the waiver of the obligation of OHI and its Concert Parties to make a Mandatory Offer under Rule 14 of the Take-over Code should the obligation to do so arise as a result of the issue of the Consideration Units. The SIC granted the SIC Waiver on 22 November 2021, 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 Consideration Units, the Whitewash Resolution by way of a poll to waive their rights to receive a general offer from OLH Healthcare;*
- (ii) the Whitewash Resolution is separately from other resolutions;*
- (iii) OHI and its concert parties abstain from voting on the Whitewash Resolution;*
- (iv) OHI 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 Proposed Acquisition and the date on which the Independent Unitholders’ approval is obtained for the Whitewash Resolution; and*

- (b) *in the six months prior to the announcement of the Proposed Acquisition, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Manager in relation to the Proposed Acquisition;*
- (v) *First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Whitewash Resolution;*
- (vi) *First REIT sets out clearly in the Circular:*
 - (a) *details of the proposed Acquisition and the proposed issue of the Consideration Units to OHI;*
 - (b) *the dilution effect to existing Unitholders of voting rights upon the issue of the Consideration Units to OHI;*
 - (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 in First REIT held by OHI and its Concert Parties as at the Latest Practicable Date;*
 - (d) *the number and percentage of voting rights to be acquired by OHI upon the issue of the Consideration Units; and*
 - (e) *specific and prominent reference to the fact that Unitholders of First REIT, by voting for the Whitewash Resolution, are waiving their rights to a general offer from OHI (which has been nominated by OUELH to receive the Consideration units) at the highest price paid by OHI and its Concert Parties for Units in First REIT in the six months preceding the commencement of the offer;*
- (vii) *the Circular states that the waiver granted by SIC to OHI and its Concert Parties from the requirement to make a general offer under Rule 14 of the Take-over Code is subject to the conditions set out in sub-paragraphs 10.4(i) to (vi) above;*
- (viii) *OHI obtains SIC's approval in advance for the 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 3 months of the date of the SIC Waiver and the acquisition of the Consideration Units by OHI must be completed within three months of the date of approval of the Whitewash Resolution.*

Independent Unitholders should note that by voting for the Whitewash Resolution, they are waiving their rights to a general offer from OHI at the highest price paid by OHI and its Concert Parties for Units in First REIT in the six months preceding the offer.

6 INFORMATION ON THE PROPOSED SETTLEMENT

Detailed descriptions of the Proposed Settlement are set out in **Section 6** of the Circular. The key information relating to the Proposed Settlement are reproduced below.

6.1 Background of the Proposed Settlement

“As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK in connection with the Development Works, pursuant to the Development Works Agreement. The new hospital to be developed was to be an improved healthcare facility to replace the existing aging Siloam Hospitals Surabaya. The Road Subsidence had had a serious impact on the Development Works, which were no longer progressing. Pursuant to the Development Works Agreement, PT TPI shall have the right to terminate the Development Works Agreement in the event the Development Works remained

uncompleted by 28 June 2020. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement.”

6.2 Amounts to which PT TPI is entitled

“Pursuant to the Development Works Agreement, PT TPI is entitled to be paid S\$27,000,000.00 (being the aggregate of the Progress Payments), the Interest on the Progress Payments amounting to an aggregate of S\$2,688,164.38, as well as the sum of S\$918,093.60 (being the aggregate of the Project Expenses which the Trustee has incurred on behalf of PT TPI). As the Trustee has paid and incurred the Project Expenses on behalf of PT TPI in the course of the Development Works, PT TPI has designated the payment of the Project Expenses to be made directly to the Trustee”

6.3 Principal terms and conditions of the Settlement Agreements

Principal Terms and Conditions of the Progress Payments Settlement Agreement

“In connection with the Proposed Settlement, PT TPI had on 7 December 2021 entered into the Progress Payments Settlement Agreement with PT SK to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments and the Interest.

In addition, the Settlement Agreement sets out the following principal terms in relation to the Proposed Settlement:

- (i) PT SK shall make payment to PT TPI of the aggregate amount of the Progress Payments of IDR281,250,090,000 (equivalent to S\$27,000,000.00) and the Interest of IDR28,001,721,252 (equivalent to S\$2,688,164.38), in instalments comprising:
 - (a) IDR6,377,286,416 by 31 January 2022, the first instalment of the Interest;
 - (b) IDR15,940,764,476 by 28 February 2022, being the second instalment of the Interest;
 - (c) IDR5,683,670,360 and IDR10,257,094,116 by 31 March 2022, being the final instalment of the Interest and the first instalment of the Progress Payments respectively;
 - (d) IDR47,822,293,428 by 30 April 2022, being the second instalment of the Progress Payments;
 - (e) IDR79,703,822,380 by 31 May 2022, being the third instalment of the Progress Payments; and
 - (f) IDR143,466,880,076 by 30 June 2022, being the final instalment of the Progress Payments; and

The amounts stated above are based on the agreed exchange rate of S\$1.00 = IDR10,416.67

- (ii) Subject to the concurrent performance in full of the parties’ obligations under the Project Expenses Settlement Agreement, each party to the Progress Payments Settlement Agreement confirms that it has no outstanding claims whatsoever against the other party under the Development Works Agreement (which shall include, but is not limited to, claims for antecedent breaches by the Development Works Agreement Parties of the Development Works Agreement (if any)).”

Principal Terms and Conditions of the Project Expenses Settlement Agreement

“In connection with the Proposed Settlement, PT TPI had on 7 December 2021 entered into the Project Expenses Settlement Agreement with PT SK and the Trustee to provide for the full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Project Expenses incurred by the Trustee on behalf of PT TPI.

In addition, the Project Expenses Settlement Agreement sets out the following principal terms in relation to the Proposed Settlement:

- (i) PT SK shall make payment to the Trustee of the aggregate amount of the Project Expenses incurred of S\$918,093.60 by 31 January 2022; and

- (ii) *subject to the concurrent performance in full of the Development Works Agreement Parties' obligations under the Progress Payments Settlement Agreement, each Development Works Agreement Party confirms that it has no outstanding claims whatsoever against the other Development Works Agreement Party under the Development Works Agreement (which shall include, but is not limited to, claims for antecedent breaches by the Development Works Agreement Parties of the Development Works Agreement (if any)).*"

7 PRO FORMA FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Acquisition 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 the first six-month period of the financial year ending 2021 from 1 January 2021 to 30 June 2021 ("**1H2021**", and the unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2021, the "**1H2021 Unaudited Consolidated Financial Statements**") and assuming:

- (i) the Total Acquisition Cost, comprising the JMF Purchase Consideration, the JMA Purchase Consideration and the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition, is S\$168.0 million, of which S\$16.2 million will be net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount, S\$20.3 million will be paid in cash and the balance of S\$131.5 million by way of the issue of approximately 431,147,541 Consideration Units issued at an issue price of S\$0.305 per Consideration Unit;
- (ii) the accounting policies and methods of computation applied to the pro forma financials are consistent with those applied in the FY2020 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of this Circular;
- (iii) the professional and other fees and expenses of S\$4.5 million is assumed to be 1.5% of the value of the Agreed Purchase Price of the Japan Nursing Homes as at 31 December 2020;
- (iv) the fair value of the Japan nursing homes was assumed to be agreed purchase price of the properties, the fair value losses on investment properties mainly attributed to the above transaction costs; and
- (v) The average and closing exchange rates for JPY and SGD used for translating the 1H2021 income statement and the financial positions of the Japan acquisitions as at 30 June 2021 are 80.86 and 82.60 respectively

Pro forma distributions per Unit ("DPU")

The pro forma financial effects of the Proposed Acquisition on the DPU and DPU yield for 1H2021, as if the Proposed Acquisition was completed on 1 January 2021 and First REIT held the Japan Nursing Homes through to 30 June 2021, are as follows:

	1H2021	
	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition
Rental and other income (S\$'000)	38,933	47,357
Net property and other income (S\$'000)	37,612	45,202
Distributable Income (S\$'000)	20,887	26,800
Units in issue and to be issued ⁽²⁾	1,606,628,351	2,038,419,097
DPU (cents)	1.30	1.31
DPU Yield (%) ⁽³⁾	4.4	4.5

Notes:

- (1) Based on the 1H2021 Unaudited Consolidated Financial Statements.
(2) The Units in issue and to be issued do not include the 3,750,678 Units issued from 30 July 2021 to the date preceding the date of this Circular.
(3) Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021.

Pro forma NAV per Unit

The pro forma financial effects of the Proposed Acquisition on the NAV per Unit as at 30 June 2021, as if the Proposed Acquisition was completed on 30 June 2021, are as follows:

	As at 30 June 2021	
	Before the Proposed Acquisition⁽¹⁾	After the Proposed Acquisition
NAV (S\$'000)	564,239	686,478
Units in issue and to be issued ⁽²⁾	1,606,628,351	2,038,419,097
NAV per Unit (cents)	35.12	33.68
Aggregate Leverage (%)	34.1	36.4

Notes:

- (1) Based on the 1H2021 Unaudited Consolidated Financial Statements.
(2) The Units in issue and to be issued do not include the 6,400,756 Units issued from 1 July 2021 to the date preceding the date of this Circular

Pro forma capitalisation

The following table sets out the pro forma capitalisation of First REIT as at 30 June 2021, as if the Proposed Acquisition was completed on 30 June 2021.

	As at 30 June 2021	
	Actual⁽¹⁾	As adjusted for the Proposed Acquisition
	(S\$'000)	(S\$'000)
Short-term debt:		
Secured	98,594	98,594
Total short-term debt	98,594	98,594
Long-term debt:		
Secured	248,027	378,598
Total long-term debt	248,027	378,598
Total Debt	346,621	477,192
Unitholders funds	564,239	686,478
Perpetual securities holders' fund	60,850	60,850
Total Capitalisation	971,710	1,224,520

Note:

- (1) Based on the 1H2021 Unaudited Consolidated Financial Statements.

8 EVALUATION OF THE PROPOSED TRANSACTIONS

8.1 Summary of analysis performed

In arriving at our opinion on the Proposed Transactions, we have performed among other things, the following analysis:

The Proposed Acquisition

- Rationale for the Proposed Acquisition;
- Assessment of the financial terms of the Proposed Acquisition;
- Comparison of the Proposed Acquisition against comparable precedent transactions;
- Relative valuation analysis against comparable healthcare REITs
- Review of the pro forma financial effects after the Proposed Acquisition on the DPU, NAV per Unit and total capitalisation of First REIT as at 30 June 2021;
- Analysis of the pro forma distribution yield of First REIT as compared to other REITs listed on the SGX-ST;
- Analysis of the impact of the Proposed Acquisition on the weighted average years to lease expiry of First REIT; and
- Other considerations relating to the Proposed Acquisition.

The Proposed Issue of the Consideration Units and the Proposed Whitewash Resolution

- Rationale for the Issue of the Consideration Units;
- Evaluation of the Issue Price of the Consideration Units;
 - (i) Historical Unit Price performance;
 - (ii) Analysis of the Issue Price against the 2021 Rights Issue;
 - (iii) Issue Price comparison to historical Unit Price;
 - (iv) Issue Price versus the NAV/NTA per Unit;
- Other conditions on the Consideration Units;
- Potential dilution on the unitholding interests of the Independent Unitholders; and
- Other implications of the Proposed Whitewash Resolution to the Independent Unitholders.

The Proposed Settlement

- Rationale for the Proposed Settlement;
- Review of the key financial and commercial terms of the Settlement Agreement; and
- Other considerations relating to the Proposed Settlement.

8.2 Analysis on the Proposed Acquisition

8.2.1 Rationale for the Proposed Acquisition

The Manager believes that the Proposed Acquisition will bring, among others, the following key benefits to Unitholders as summarised below:

- (i) Strategic entry into attractive Japan Nursing Home Market with strong demand drivers;
- (ii) Enlarged and diversified portfolio positioned for long-term growth;
- (iii) High-quality defensive portfolio with strong operators;
- (iv) Enlarged portfolio with enhanced flexibility, ability to drive growth;
- (v) Enhanced portfolio diversification and defensiveness;
- (vi) Enhanced third-party tenant diversification;
- (vii) Increased proportion of freehold assets;

- (viii) Reduced rental income volatility from exchange rate fluctuation;
- (ix) Improved rental stability and weighted average lease expiry;
- (x) Proposed Acquisition is DPU accretive to Unitholders on a pro forma basis;
- (xi) Proposed Acquisition is consistent with First REIT 2.0 strategy and reflects the sponsor's commitment to First REIT; and
- (xii) Positions First REIT competitively to peer.

Further details on the Manager's rationale for the Proposed Acquisition is set out in **Section 4** of the Circular.

We note that the Manager's rationale for the Proposed Acquisition, appears to be based on sound commercial grounds, notably it provides a strategic entry into Japan Nursing Home Market with strong demand drivers.

8.2.2 Assessment of the financial terms of the Proposed Acquisition

The estimated Total Acquisition Cost is approximately S\$168.0 million, comprising:

- (i) the JMF Purchase Consideration of approximately S\$163.2 million;
- (ii) the JMA Purchase Consideration of approximately S\$0.3 million; and
- (iii) the estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition of approximately S\$4.5 million.

To demonstrate its support for the Proposed Acquisition, the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

In evaluating the reasonableness of the Proposed Acquisition, we have considered the following factors which have a bearing on our assessment:

(i) Basis for arriving at the JMF Purchase Consideration and the JMA Purchase Consideration

We note that the Japan Nursing Homes Agreed Property Value, which was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by CWKK and CBRE (the "**Independent Valuers**"), is JPY24,213 million (approximately S\$286.0 million) (the "**Agreed Purchase Price for the Japan Nursing Homes**") and is a discount of 2.9% to the aggregate of the averages of the two independent valuations of each Japan Nursing Home of JPY24,926 million (approximately S\$294.4 million) as at 29 October 2021.

The JMF Purchase Consideration is estimated to be approximately S\$163.2 million (subject to post-completion adjustments) based on the estimated NAV of JMF as at completion of the Proposed JMF Acquisition, taking into account the Japan Nursing Homes Agreed Property Value.

The JMA Purchase Consideration is estimated to be approximately S\$0.3 million (subject to post-completion adjustments) based on the estimated NAV of JMA as at completion of the Proposed JMA Acquisition.

(ii) Valuation of the Japan Nursing Homes by the Independent Valuers

Two independent property valuers were appointed for the purpose of determining the market value of Japan Nursing Homes. The market value by Cushman & Wakefield K.K. ("**CWKK**") (appointed by the Trustee) is as at 29 October 2021, and the market value by CBRE K.K. ("**CBRE**") (appointed by the Manager) is as at 29 October 2021.

Summarised versions of the valuation reports (the “**Valuation Certificates**”) are contained in **Appendix C** of the Circular, with the determined market values set out below:

Properties	Appraised Value				Average of the two independent valuations (million)	Agreed Purchase Price for the Japan Nursing Homes (million)
	By CWKK as at 29 Oct 2021		By CBRE as at 29 Oct 2021			
	(\$ million) ⁽¹⁾	(JPY million)	(\$ million) ⁽¹⁾	(JPY million)		
Japan Nursing Homes	293.3	24,829	295.6	25,022	JPY 24,926 (S\$294.4)	JPY 24,213 (S\$286.0)

Note:

(1) Based on the Bloomberg L.P. SGD : JPY exchange rate of 1 : 84.6625 as at 27 December 2021.

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

- In arriving at the open market value of each of the Japan Nursing Homes, the Independent Valuers relied on the income approach utilising the discounted cash flow method. This approach considers the Japan Nursing Homes as income producing properties
- We note that appraised value of the Japan Nursing Homes is between JPY24,829 million (\$293.3 million) and JPY25,022 million (S\$295.6 million), and the Agreed Property Value of JPY24,213 million (S\$286.0 million) is a discount of 2.9% to the aggregate of the averages of the two independent valuations of JPY24,926 million (S\$294.4 million).

Further information regarding the valuation certificates is set out in the Circular, in particular within **Appendix C** of the Circular.

8.2.3 Precedent Transaction Analysis

We reviewed precedent transactions completed since 2018 and up to the Latest Practicable Date involving the acquisitions of nursing homes and aged care facilities in Japan (the “**Precedent Transactions**”). We have considered transactions with considerations in excess of S\$10.0 million (or JPY 800.0 million) and excluded transactions where financial information is not available in the public domain.

We wish to highlight that the circumstances for each of the Precedent Transactions is unique and the companies involved may not be directly comparable to the Proposed Acquisition in terms of business activities, size of operations, market capitalization, asset base, location, accessibility, tenant composition, risk profile, track record, future prospects, time and other relevant criteria. As such, the analysis is necessarily limited. Furthermore, the list of Precedent Transactions is by no means exhaustive and information relating to the said companies was compiled from publicly available information. Accordingly, any comparison between the Proposed Acquisition and the Precedent Transactions serves as an illustrative guide only.

Table 1: Precedent nursing homes and aged care transactions

Target Properties	Acquirer(s)	Vendor(s)	Annnc Date	Acquisition Date	Consideration (mil)	Expected Net Property Yield (%) ⁽¹⁾
Konosu Nursing Home Kyoseien	Parkway Life Real Estate Investment Trust	Iryouhoujin Shadan Kouaikai	07-Feb-18	14-Feb-18	S\$ 17.8	6.7%
Anesis Teradacho, Rococo-riha, Orage Suma, Canadian Hill, Anesis Hyogo	Kenedix Residential Next Investment Corporation	G.K. KSLF8	13-Jul-18	02-Aug-18	JPY 11,650	5.4%
7 nursing homes and 1 medical related facility located in Kanagawa, Gunma, Tokyo and Osaka	Healthcare & Medical Investment Corporation	Godo Kaisha MYGK 1go, Godo Kaisha MYGK 2go, Sumitomo Mitsui Finance and Leasing Company, Limited, Yoei Co., Ltd.	11-Jan-19	01-Feb-19	JPY 22,691	5.5%
Tsukui Sun shine Machida	Kenedix Residential Next Investment Corporation	G.K. KSLF5	04-Feb-19	01-Mar-19	JPY 6,935	4.5%
Serabi Ebisu	Kenedix Residential Next Investment Corporation	G.K. Tropic III	04-Feb-19	03-Jun-19	JPY 1,690	4.2%
Arute Ishiyagawa	Kenedix Residential Next Investment Corporation	G.K. Tropic III	04-Feb-19	03-Jun-19	JPY 1,061	7.7%
Hodaka no Niwa, Orange no Sato, Haru no Sato	Parkway Life Real Estate Investment Trust	K. K. Habitation, Fuyo Shoji Kabushiki Kaisha, Medical Corporation Shojin-ka	03-Dec-19	13-Dec-19	S\$ 46.3	6.8%
3 aged care facilities located in Hokkaido, Nara and Tokyo	Singapore Press Holdings Limited	Shiroishi HC1-Gou Godo Kaisha, Nishioka HC1-Gou Godo Kaisha, K-4 Healthcare Godo Kaisha, K-3 Healthcare Godo Kaisha, Godo Kaisha Kodaira Capital	24-Feb-20	12-Aug-20	S\$ 65.8	Undisclosed
Habitation Kamagaya	Parkway Life Real Estate Investment Trust	K. K. Habitation	10-Dec-20	18-Dec-20	S\$ 21.2	6.4%
Will-Mark Kashiihama, Crea Adachi	Parkway Life Real Estate Investment Trust	Kabushiki Kaisha Strawberry Firm, Kabushiki Kaisha Anthebliss	30-Jun-21	09-Jul-21	S\$ 49.2	5.7%
Habitation Kisarazu Ichibankan	Parkway Life Real Estate Investment Trust	Two third-party vendors unrelated to Parkway Life Real Estate Investment	10-Dec-21	17-Dec-21	S\$ 37.9	5.9%
					Max	7.7%
					Min	4.2%
					Median	5.8%
					Simple Average	5.9%
Japan Nursing Homes	First Real Estate Investment Trust	OUE Lippo Healthcare Limited	8-Dec-21	-	JPY 24,213 (\$286.0)⁽²⁾	5.1%⁽³⁾

Source: Announcements and disclosures from the respective companies

Notes:

- (1) The expected net property yield is computed by dividing the net property income by the purchase price of the property.
- (2) Based on the Bloomberg L.P. SGD : JPY exchange rate of 1 : 84.6625 as at 27 December 2021.
- (3) Calculated based on the expected net property income of the Japan Nursing Homes divided by the Agree Purchase Price of the Japan Nursing Homes of JPY 24,213 million.

Based on the table above, we note that the Japan Nursing Homes expected net property yield of 5.1% is within range but below the median (less favourable) of the same ratio of the Precedent Transactions.

8.2.4 Relative valuation analysis

In assessing the reasonableness of the Proposed Acquisition, we have also considered the financial performance, financial position and valuation ratios of selected comparable healthcare REITs (the “**Comparable Healthcare REITs**”) listed on the SGX-ST or overseas stock exchanges that may, in our view, be broadly comparable to the main business of JMF and JMA, which is to invest in and manage healthcare related assets across Japan.

We wish to highlight that **there may not be any company listed on the selected stock exchanges that is directly comparable in terms of size, diversity of business activities and products/services, branding, geographical spread, track record, prospects, operating and financial leverage, risk profile, quality of earnings and accounting, listing status and such other relevant criteria.** It may be difficult to place reliance on the comparison of valuation statistics for the Comparable Healthcare REITs as the business of these selected companies, their capital structures, growth rates, operating and financial leverage, taxation and accounting policies as well as the liquidity of these shares and the demand/supply conditions for these shares may differ. In addition, we wish to highlight that the list of Comparable Healthcare REITs is by no means exhaustive. As such, any comparison made herein is necessarily limited and serves only as an illustrative guide and any conclusion drawn from the comparison may not necessarily reflect the perceived or implied market valuation (as the case may be) of the Proposed Acquisition as at the Latest Practicable Date.

We note that the prices at which shares trade include factors other than historical financial performance, and some of these, *inter-alia*, include prospects real or perceived of the financial performance, the historical share price performance, the demand/supply conditions of the shares, the relative liquidity of the shares, the relative sentiments of the market for the shares, as well as the market capitalisation.

Comparable Healthcare REITs

Comparable Healthcare REITs	Market capitalisation (\$ million)	Bourse	Principal activities
Health Care & Medical Investment Corporation (“ Health Care & Medical Corp ”)	587.3	Tokyo Stock Exchange	Health Care & Medical Corp is a real estate investment trust (REIT) which mainly invests in housing, care facilities and medical facilities for seniors.
Parkway Life Real Estate Investment Trust (“ Parkway Life REIT ”)	3,055.3	Singapore Stock Exchange	Parkway Life REIT invests primarily in income producing real estate and real estate related assets in the Asia Pacific region. The trust's real estate is used primarily for healthcare and healthcare-related purposes.

Source: Bloomberg L.P. as at Latest Practicable Date

The following table shows the key financial ratios for comparison of financial performance for the past 12-month period ended 30 September 2021 (“**T12**”) for the of Comparable Healthcare REITs and the Proposed Acquisition:

Table 2: Valuation Statistics of the Target Japan Assets and the Comparable Healthcare REITs

Comparable Healthcare REITs	Interim Financial	Market Capitalisation (S\$' million)	T12 PER ⁽¹⁾ (x)	T12 EV/EBITDA ⁽²⁾ (x)	P/NAV ⁽³⁾ (x)
Health Care & Medical Corp	31-Jul-21	587.3	25.5	24.7	1.4
Parkway Life REIT	30-Sep-21	3,055.3	31.2 ⁽⁴⁾	34.1 ⁽⁴⁾	2.1
High			31.2	34.1	2.1
Low			25.5	24.7	1.4
Median			28.4	29.4	1.8
Simple Average			28.4	29.4	1.8
The Proposed Acquisition	30-Jun-21	163.5⁽⁵⁾	16.0⁽⁶⁾	19.1⁽⁶⁾	1.0

Notes:

- (1) T12 Price-Earnings Ratio ("PER") was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to T12 net profits after tax of the respective companies.
- (2) The Enterprise Value ("EV") was calculated based on the sum of the companies' market capitalisation as Latest Practicable Date, preferred equity, minority interests, short and long-term debts less cash and cash equivalents. The T12 Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA") is computed based on the trailing 12 months period for which financial results have been published.
- (3) The P/NAV was calculated based on the ratio of market capitalisation as at the Latest Practicable Date to the NAV attributable to shareholders of the respective companies.
- (4) Adjusted for the on-off net change in fair value of investment properties of S\$239.1 million recorded in 3Q 2021.
- (5) Based on the sum of the JMF Purchase Consideration and the JMA Purchase Consideration.
- (6) Based on the annualised earnings of JMF and JMA for the interim 6-months period ended 30 June 2021.

Based on Table 2, we note that:

- (i) the implied PER multiple of 16.0x based on the purchase consideration for the Proposed Acquisition was below the range (more favourable) of the same ratio of the Comparable Healthcare REITs;
- (ii) the EV/EBITDA multiple of 19.1x based on the purchase consideration for the Proposed Acquisition was below the range (more favourable) of the same ratio of the Comparable Healthcare REITs; and
- (iii) the P/NAV multiple of 1.0x based on the purchase consideration for the Proposed Acquisition was below the range (more favourable) of the same ratio of the Comparable Healthcare REITs.

8.2.5 Review of the pro forma financial effects of the Proposed Acquisition

For the review of the pro forma financial effects of the Proposed Acquisition, we have considered the pro forma financial effects as at 30 June 2021. We note the restructuring of certain master leases of First REIT were only completed in 2021, as such, any comparisons of the pro forma financial effects of the Proposed Acquisition as at 31 December 2020 may not be meaningful.

Please refer to section 7 of this Letter for the pro forma financial effects of the Proposed Transactions on the DPU, NAV per Unit and total capitalisation as at 30 June 2021.

Based on the pro forma financial effects, we note that:

- (i) the pro forma DPU after the Proposed Acquisition will increase from 1.30 cents to 1.31 cents for 1H2021;
- (ii) the pro forma NAV per Unit after the Proposed Acquisition will decrease from 35.12 cents to 33.68 cents as at 30 June 2021;
- (iii) the aggregate leverage after the Proposed Acquisition will increase from 34.1% to 36.4%; and

- (iv) the pro forma total capitalisation after completing the Proposed Acquisition will increase from S\$971.7 million to S\$1,224.5 million as at 30 June 2021 as adjusted for the Proposed JMF Acquisition.

We wish to highlight that the pro forma financial effects are for illustrative purposes only and does not represent First REIT's actual financial effects following completion of the Proposed Transactions.

8.2.6 Analysis of the pro forma distribution yield of First REIT

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

The information in the table presented below is for illustration purposes only. While we have made our comparisons against the Singapore REITs as shown in the table below, we recognise that the properties of the Singapore REITs may differ significantly from the properties owned by First REIT in terms of property segments, building size and design, building age, location, accessibility, tenant composition, market risks, future prospects, operating history and other relevant criteria. There is no REIT which may be considered identical to First REIT in terms of the aforesaid factors.

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

Table 3: Comparable Singapore REITs and property trust yield

Name	Yield (%)	Trailing 12 months Distribution Per Unit (\$)	Closing Price as at the Latest Practicable Date ⁽¹⁾ (\$)
Sabana Industrial Real Estate Investment Trust	7.25	0.032	0.440
Cromwell European Real Estate Investment Trust	6.97	0.277	3.966
IREIT Global	6.96	0.045	0.645
AIMS APAC REIT	6.93	0.097	1.400
ESR-REIT	6.31	0.030	0.475
Ascendas India Trust	6.28	0.089	1.410
Starhill Global REIT	6.12	0.040	0.645
Mapletree North Asia Commercial Trust	6.06	0.067	1.110
OUE Commercial Real Estate Investment Trust	6.05	0.027	0.440
Lippo Malls Indonesia Retail Trust	5.66	0.003	0.053
Suntec Real Estate Investment Trust	5.55	0.083	1.490
SPH REIT	5.54	0.054	0.975
CapitaLand Integrated Commercial Trust	5.46	0.109	2.000
Frasers Centrepoint Trust	5.32	0.121	2.270
Keppel REIT	5.29	0.059	1.110
Ascendas Real Estate Investment Trust	5.16	0.151	2.920
Frasers Logistics & Commercial Trust	5.15	0.077	1.490
Mapletree Industrial Trust	5.01	0.134	2.670
Mapletree Commercial Trust	4.86	0.097	2.000
Mapletree Logistics Trust	4.60	0.086	1.860
Far East Hospitality Trust	4.24	0.025	0.585
Ascott Residence Trust	4.04	0.040	1.000
Keppel DC REIT	4.03	0.097	2.410
CDL Hospitality Trusts	4.02	0.047	1.160
Parkway Life Real Estate Investment Trust	2.79	0.141	5.050
Frasers Hospitality Trust	2.09	0.010	0.470
Max	7.25		
Min	2.09		
Median	5.39		
Simple Average	5.30		
First REIT (Based on the Unit price as at Latest Practicable Date)	8.73	0.026⁽²⁾	0.300
First REIT (Based on the Consideration Unit Issue Price)	8.59	0.026⁽²⁾	0.305

Source: Bloomberg L.P. and financial statements.

Notes:

1. The Latest Practicable Date was defined as 27 December 2021.
2. Based on the annualised six-month 1H2021 pro forma DPU of S\$1.31 cents.

From the table above, we note the following:

- (i) The distribution yields of the Singapore REITs range between 2.1% and 7.3%;
- (ii) The pro forma distribution yield of First REIT at 8.7% based on the Unit price as at Latest Practicable Date is above the range of Singapore REITs. In addition, we also note that the pro forma distribution yield of First REIT is higher than the distribution yield of Parkway Life REIT of 2.8% being the closest comparable to First REIT in terms of industry segment.

Based on the above, the pro forma distribution yield of First REIT, after taking into account the Proposed Acquisition, appears to compare favourably with the Comparable Singapore REITs.

8.2.7 Analysis of the impact of the Proposed Acquisition on the weighted average years to lease expiry of First REIT

We note that the Proposed Acquisition is expected to provide high income stability and cashflow visibility to First REIT. As at 30 June 2021, the Japan Nursing Homes had an aggregate weighted average lease expiry (“WALE”) of 22 years. Each of the Japan Nursing Homes has a long-term Master Lease Agreement with its master tenant until the lease expiry date of 24 April 2043.

First REIT will benefit from the increase in its WALE (by gross floor area) from approximately 12 years from that of the Existing Portfolio as at 30 June 2021 to approximately 14 years for its Enlarged Portfolio after completion of the Proposed Acquisition.

8.2.8 Other considerations relating to the Proposed Acquisition

(i) Method of Financing

We note that the Manager intends to finance the Total Acquisition Cost, estimated to be approximately S\$168.0 million, will be finance through a combination of:

- (i) S\$16.2 million through a net-off against the obligation of OUELH to pay the JMF Intercompany Balances Amount and the JMA Intercompany Balances Amount;
- (ii) S\$20.3 million through internal cash; and
- (iii) S\$131.5 million through the issue of the Consideration Units to OHI, which has been nominated by OUELH as the vendor of the JMF Sale Shares to receive the Consideration Units.

Please refer to section 8.3 of this Letter for the analysis on the Proposed Issue of Consideration Units as partial consideration for the Proposed JMF Acquisition.

(ii) Voluntary waiver by the Manager to receive acquisition fees

We note that the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed to demonstrate its support for the Proposed Acquisition.

The acquisition fee would otherwise have been approximately S\$3.0 million (being 1.0% of the Agreed Purchase Price for the Japan Nursing Homes).

(iii) Market conditions and prospects of the Japan healthcare market

Based on the Independent Market Research Report (as defined herein) by Cushman & Wakefield K.K. (the "Independent Market Research Consultant"), dated 6 December contained in **Appendix D** of the Circular, we note the following points highlighted:

- Japan's demographic changes will necessitate a large supply of senior living facilities over the next decade, and the inadequate supply will continue to put existing nursing home assets in high demand.
- The elderly population those aged 65 or over is 36.4 million, the aging rate is 29.1%. The number of people certified as requiring long-term care has also increased 1.5 times nationwide from March 2008 to March 2021. It is predicted to continue this trend until around 2040.
- Despite the anticipated surge in demand, senior housing supply in Japan will not be able to keep up with the demand; this is partly due to labour shortage and government restrictions on building more elder care public facilities, are also limiting the growth of senior housing supply. In 2019, approximately 292 thousand elderly are on the long waiting lists for placements in Designated Facility Covered by Public Aid Providing Long-term Care to the Elderly (public sector nursing home). The Designated Facilities has only grown 37% between 2009 and 2019, while the number of Fee-based Homes for the Elderly has increased 213%.
- The Japanese government has launched various cost-efficient initiatives in its healthcare system such as encouraging more funding from the private sector and privatizing of public hospitals. The new government announced that the monthly income increase for childcare workers and nursing care workers is expected to be about 3%, to ensure workers in nursing and elder care are paid more fairly to retain these essential workers.
- There is a limited number of properties available for sale in the market. Operators tend to be small and dispersed so quality assets suitable for institutional investment remain limited. Limited opportunities have reduced cap rates to tight levels.
- Stable lease structure: Since Fee-based Homes for the Elderly are managed on the premise of long-term operation, it is common to conclude long-term lease contracts of 20 to 30 years. Rents are usually fixed and are revised when taxes and CPI change. On the other hand, the lease term is 2 years for residential and generally from 2 to 5 years for office and retail properties.
- Due to changes in family structure and life cycle, housing for the elderly has become more important than ever. The percentage of three-generation households was 15.3% in 1986 but declined to 5.1% in 2019. As life expectancy has also increased, the number of elderly households and single-person households of the elderly has been increasing, and is expected to increase further in the future, making nursing homes increasingly important as an essential service in the later stages of a person's life.
- The entire building has been leased to one tenant and the lease agreement has a long duration of 30 years and the rent is fixed, so a stable cash flow over a long period can be expected.

Although selecting a back-up operator is not essential for investing in senior assets, incorporating a clause regarding the smooth transition of operations to the back-up operator in the lease contract with the current operator in advance will facilitate inclusion in funds that have selected a backup operator. All lease contracts of the subject properties have the clause of the handover to the back-up operator.

We note the positive outlook for the Japan healthcare market and the limited impact from the Covid-19 pandemic on the nursing home market as described by the Independent Market Research Consultant.

(iv) Inter-conditionality of the Proposed Acquisition, the Proposed Issue of Consideration Units and the Proposed Whitewash Resolution

We wish to highlight that Resolution 1 (the Proposed Acquisition) and Resolution 2 (the Proposed Issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the Proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

8.3 Analysis on the Proposed Issue of Consideration Units and the Proposed Whitewash Resolution

8.3.1 Rationale for the Proposed Issue of Consideration Units

The proposed Whitewash Resolution is to enable OHI to receive the Consideration Units (as the nominee of OUE LH) as partial consideration for the Proposed JMF Acquisition.

The Manager is of the view that allowing OHI (being a wholly-owned subsidiary of OUE LH which has been nominated by OUE LH to receive the Consideration Units) to be issued the Consideration Units will demonstrate the long-term commitment of the Manager and OUE Limited (“**OUE**”) to First REIT. It will also further align the interests of the Manager and OUE with Unitholders, incentivising the Manager to raise the performance of First REIT to the benefit of Unitholders.

We note the Manager’s rationale for the Proposed Issue of Consideration Units appears to be based on sound commercial grounds

8.3.2 Evaluation of the Issue Price of the Consideration Units

Historical Unit Price performance

The following presents the historical chart of the closing prices of the Units and the number of Units traded on a daily basis during the period commencing from 8 December 2020, being the last 12 months period prior to the last trading date on 7 December 2021 (the “**Last Trading Date**”), being the last trading day prior to the announcement on the Proposed Transactions on 8 December 2021 (the “**Announcement Date**”), and ending on the Latest Practicable Date.

Chart 1: Unit Price Performance from 8 December 2020 up to the Latest Practicable Date



Source: Bloomberg L.P. and company announcements

Based on Chart 1, we note the following:

Period prior to the completion of the Rights Issue

From 8 December 2020 and up to 24 December 2020, prior to the announcement of the Rights Issue, the Units were trading at a range of between S\$0.400 to S\$0.425, which is at a premium to the Consideration Unit Issue Price of S\$0.305.

Following the announcement of the Rights Issue and up to the completion of the Rights Issue on 19 February 2021, the Units were trading at a range of between S\$0.200 to S\$0.265, which is below the Consideration Unit Issue Price.

Period from the completion of the Rights Issue on 24 February 2021 up to the Last Trading Date

Following the completion of the Rights Issue, between 24 February 2021 and up to the Last Trading Date, the Units were trading at a range of between S\$0.205 to S\$0.320.

Period from the Announcement Date up to the Latest Practicable Date

Based on Chart 1, between the Announcement Date to the Latest Practicable Date, the Units were mostly trading at a range of between S\$0.290 to S\$0.305.

We note that prior to the announcement of the Rights Issue, the Units were trading at a premium to the Issue Price but however following the announcement of the Rights Issue, the Units had mostly been trading below the Issue Price, at a range of a discount of approximately 32.8% to a premium of 4.9% to the Issue Price. We note that the Rights Issue Price was S\$0.20 and the theoretical ex-rights price of the Rights Issue was \$0.30. The analysis of the Consideration Unit Issue Price against the Rights Issue is shown below.

We wish to highlight that there is no assurance that the price of the Units will remain at the current levels in the event that the Proposed Transactions proceed or does not proceed. The historical trading performance of the Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Units, which will be governed by, amongst other factors, the performance and prospects of First REIT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

Analysis of the Consideration Unit Issue Price against the Rights Issue Price (defined herein)

Background of the Rights Issue completed on 19 February 2021

On 1 June 2020, PT. Lippo Karawaci Tbk (“**LPKR**”) unilaterally announced its intention to restructure the master lease agreements (“**MLAs**”) for all of the hospitals which First REIT had leased to either LPKR or LPKR and certain subsidiaries of PT Siloam International Hospitals Tbk (“**Siloam**”). In response to this press release, the Manager issued an announcement on the same day stating that it had not been approached by LPKR in respect of the matters mentioned in the press release.

On 31 August 2020, the Manager announced that it was anticipating to receive a proposal regarding the rental restructuring from LPKR. On 20 September 2020, the Manager announced that it had received a non-binding rental restructuring proposal from LPKR in respect of the LPKR MLAs.

The Trustee on 29 November 2020, entered into a memorandum of understanding with LPKR (the “**LPKR MOU**”) in respect of, among other things, a proposed restructuring of the LPKR MLAs (the “**Proposed LPKR MLA Restructuring**”), which is conditional upon, among other things, the approval of the Unitholders.

On 28 December 2020, as part of the Proposed LPKR MLA Restructuring and recapitalization of First REIT, the Manager proposed to undertake a renounceable non-underwritten rights issue, on a pro rata basis of

98 rights units for every 100 existing units, to issue 791,063,000 rights units to raise gross proceeds of approximately S\$158.2 million (the “**Rights Issue**”). The purpose of the Rights Issue was for, among others, repayment of part of the S\$400 million secured syndicated loan facilities provided by Oversea-Chinese Banking Corporation Limited (among others) to First REIT on 22 February 2018 (the “**2018 Secured Loan Facilities**”) to complete the refinancing exercise and avoid an imminent default of the S\$195.5 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

The issue price of S\$0.20 per rights unit (the “**Rights Issue Price**”) was at a discount¹⁴ 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;
- (ii) approximately 33.3% to the theoretical ex-rights price¹⁵ (“**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.

At the extraordinary general meeting on 19 January 2021, Unitholders voted in favour of the proposed restructuring of the Lippo Karawaci (LK) master lease agreements as well as the whitewash resolution waiving the right to receive a general offer of their Units from Clifford Development Pte. Ltd. (“**CDPL**”), which is a direct wholly-owned subsidiary of OUE Limited, and its concert parties pursuant to Rule 14 of the Takeover Code.

On 19 February 2021, the Manager announced the completion of the Rights Issue and that the Rights Units will be listed and quoted on the Mainboard of the SGT-ST on 24 February 2021.

The underlying information used above has been extracted from announcements released by First REIT on the SGX-ST and various press releases as at the Latest Practicable Date. We make no representations or warranties, express or implied, on the accuracy or completeness of such information.

Comparison of the Consideration Unit Issue Price against the Rights Issue Price

When comparing the Consideration Unit Issue Price against the Rights Issue Price, we note that:

- (i) the Consideration Unit Issue Price of S\$0.305 is at a premium of 52.5% compared to the Rights Issue Price of S\$0.20; and
- (ii) the Consideration Unit Issue Price of S\$0.305 is at a marginal premium of 1.7% compared to the TERP of S\$0.30.

Consideration Unit Issue Price comparison to historical Unit Price

We have tabulated below selected statistical information on the unit price performance and trading liquidity of the Unit commencing from 8 December 2020, being the 12-month period prior to the Announcement Date, and ending on the Latest Practicable Date:

¹⁴ As disclosed in the circular to Unitholders dated 28 December 2020.

¹⁵ TERP is calculated based on the following formula

$$\text{TERP} = \frac{\text{Market capitalisation of First REIT based on the closing price} + \text{gross proceeds from the rights issue}}{\text{Units outstanding after the rights issue}}$$

Table 4: Unit Price Performance and Trading Liquidity Table

	VWAP ⁽¹⁾ (S\$)	Premium/ (Discount) of the Issue Price to VWAP per Unit (%)	Lowest Transacted Price (S\$)	Highest Transacted Price (S\$)	Average daily trading volume ⁽²⁾ (Units)	Average daily trading volume as % of Free- float ⁽³⁾
<u>For the period prior to the Announcement Date</u>						
Last 12 months	0.256	19.1%	0.200	0.430	4,515,169	0.40%
Last 6 months	0.275	11.0%	0.250	0.330	2,887,920	0.25%
Last 3 months	0.279	9.2%	0.250	0.330	3,784,133	0.33%
Last 1 month	0.293	4.0%	0.260	0.330	6,444,295	0.56%
Last Trading Day ⁽⁴⁾	0.305	0.0%	0.295	0.305	1,473,900	0.13%
<u>For the period commencing on the Announcement Date up to the Last Practicable Date</u>						
From the market day on the Announcement Date up to and including the Latest Practicable Date	0.301	1.3%	0.290	0.310	2,305,443	0.20%
Latest Practicable Date	0.300	1.7%	0.295	0.300	1,956,300	0.17%

Source: Bloomberg L.P. as at the Latest Practicable Date

Notes:

1. The Volume Weighted Average Price ("VWAP") was calculated by adding up the dollar value for every transaction and then dividing by the total units traded for the day which were rounded to the nearest three decimal places.
2. The average daily trading volume of the Units was computed based on the total number of Units traded during the relevant periods divided by the number of market days which the SGX-ST is open for the trading of securities ("Market Day") for the relevant periods.
3. Free-float is approximately 1,141,414,516 Units of the units in issue held by independent unitholders other than OHI and its Concert Parties as at the Latest Practicable Date.
4. The Last Trading Day was defined as 7 December 2021 being the last full day of trading of the Units, prior to the Announcement Date on 8 December 2021. The closing price on 7 December 2021 is shown instead of VWAP.
5. The Latest Practicable Date was defined as 27 December 2021. The closing price on 27 December 2021 is shown instead of VWAP.

Based on Table 4, we note that:

- (i) the Consideration Unit Issue Price is at approximately 4.0%, 9.2%, 11.0% and 19.1% premium to the VWAP for the Units for the period one-month, three-months, six-months, and 12-months prior to the Announcement Date, respectively;
- (ii) the Consideration Unit Issue Price is equal to the last transacted price of S\$0.305 per Unit on the Last Trading Day;
- (iii) the Consideration Unit Issue Price is at a premium of approximately 1.3% from the VWAP for the Units for the period on the Announcement Date up to the Latest Practicable Date;
- (iv) the Consideration Unit Issue Price is at a premium of approximately 1.7% from the last transacted price of S\$0.300 per Unit on the Latest Practicable Date; and
- (v) the average daily trading volume of the Units as % of Free-float is less than one per cent. for the period 12-months prior to the Announcement Date.

Consideration Unit Issue Price versus the NAV/NTA per Unit

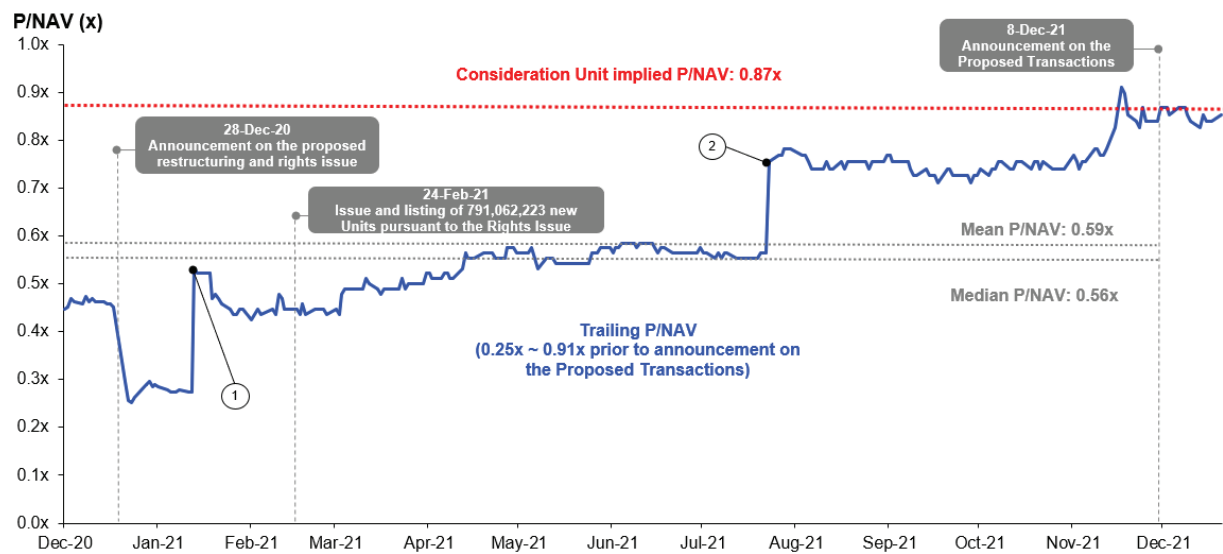
Based on the unaudited NAV attributable to Unitholders of First REIT of S\$564.2 million as at 30 June 2021 and the units in issue of 1,613,028,634 as at Latest Practicable Date, the unaudited NAV per Unit was approximately S\$0.35. The Issue Price to NAV per Unit ("P/NAV") and the discount of the Issue Price to NAV per Unit as at 30 June 2021 were 0.87x and 13.2%, respectively.

The Group had no intangible assets as at 30 June 2021. Accordingly, there is no difference between the NAV and NTA for the Group.

Historical Trailing P/NAV ratio of First REIT

We have compared the historical market Unit price of the First REIT and Issue Price against the Trailing NAV per Unit of First REIT over the 12-months period prior to the Announcement Date and ending on the Latest Practicable Date.

Chart 2: Historical Trailing P/NAV ratio



Source: Bloomberg L.P. and company announcements

Notes:

1. 14 January 2021 - FY2020 results release announcement on SGT-ST.
2. 29 July 2021 - 1H2021 results release announcement on SGX-ST.

Based on the above, we note that:

- (i) Based on the Issue Price of S\$0.305, the implied P/NAV and the discount to NAV per Unit as at 30 June 2021 were 0.87x and 13.2%, respectively;
- (ii) the Unit price has historically been trading at a discount to the NAV per Unit, with a trailing P/NAV ratio of between 0.25x and 0.91x for the 12-months period prior to the Announcement Date, with an average historical trailing P/NAV ratio of 0.59x over the same period; and
- (iii) the implied P/NAV of 0.87x based on the Issue Price is mostly above the range of the historical trailing P/NAV ratios (more favourable).

We wish to highlight that there is no assurance that the price of the Units will remain at the current levels in the event that the Proposed Transaction proceeds or does not proceed. The historical trading performance of the Units serves only as an illustrative guide and should not be relied upon as an indication of the future price performance of the Units, which will be governed by, amongst other factors, the performance and prospects of First REIT, prevailing economic conditions, economic outlook, stock market conditions and sentiment.

8.3.3 Entitlement to distributions for the Consideration Units

We note that the Consideration Units will not be entitled to distributions by First REIT for the period preceding the date of listing of the Consideration Units even if the distribution is paid subsequent to the Issuance of the Consideration Units.

8.3.4 Potential dilution on the unitholding interests of the Independent Unitholders

It is important to note that pursuant to the Proposed Acquisition and as a result of the Issue of the Consideration Units, the unitholdings of existing Independent Unitholders will be diluted significantly. In evaluating the dilution impact of the Proposed Acquisition on the existing Independent Unitholders, we have considered the following:

As a result of the Proposed Acquisition, the percentage of the aggregate unitholding interests of OHI and its Concert Parties in First REIT will increase from approximately 29.24% to approximately 44.16% immediately following the issue of the Consideration Units. Taking into account the unitholding interests of the Directors and substantial Unitholders, First REIT will still have a public float of more than 10% after the Proposed Acquisition. The collective unitholding interests of the Independent Unitholders in the Company will be diluted after the Proposed Acquisition, such dilution effects are illustrated below:

	As at the Latest Practicable Date	After the Issuance of 431,147,541 Consideration Units
Issued Units	1,613,028,634	2,044,176,175
Number of Units held by OHI and its Concert Parties	471,614,118	902,761,659
Number of Units held by Unitholders, other than OHI and its Concert Parties	1,141,414,516	1,141,414,516
% of issued Units held by OHI and its Concert Parties	29.24%	44.16%
% of issued Units held by Unitholders, other than OHI and its Concert Parties	70.76%	55.84%

We note that the unitholding interests of the other Independent Unitholders will decrease from 70.76% to 55.84% following the issue of the Consideration Units to OHI. As such, the other existing public Unitholders' ability to influence the outcome of any resolutions tabled in a general meeting will be reduced significantly after the issuance of the Consideration Units.

8.3.5 Other considerations

(i) Implications of approval of the Proposed Whitewash Resolution

Independent Unitholders should note that by voting for the Proposed Whitewash Resolution, they are waiving their rights to receive a Mandatory Offer from OHI and its Concert Parties at the highest price paid or agreed to be paid by OHI and its Concert Parties for Units in the six months preceding the commencement of the Proposed Acquisition.

(ii) Inter-conditionality of the Proposed Acquisition, the Proposed Issue of Consideration Units and the Proposed Whitewash Resolution

We wish to highlight that Resolution 1 (the Proposed Acquisition) and Resolution 2 (the Proposed Issue of Consideration Units) are conditional upon each other and upon Resolution 3 (the Proposed Whitewash Resolution). In the event that any of Resolution 1, Resolution 2 or Resolution 3 is not approved, none of Resolution 1 or Resolution 2 will be carried.

8.4 Analysis on the Proposed Settlement

8.4.1 Rationale for the Proposed Settlement

The Manager's rationale for the Proposed Settlement is set out in **Section 7** of the Circular, the extracts of which are reproduced below:

"As announced on 21 October 2015, First REIT through PT TPI entered into the Development Works Agreement, with the intent to develop a new and improved healthcare hospital to replace the existing aging Siloam Hospitals Surabaya. It was intended that First REIT would have received a new healthcare facility by the first long stop date of the Development Works Agreement, being 28 June 2020.

On 29 June 2020, given that the development works were no longer progressing due to the Road Subsidence that took place on 18 December 2018, the Manager announced that PT TPI served a termination notice to PT SK to terminate the Development Works Agreement. Accordingly, the desired outcome to swap the ageing Siloam Hospitals Surabaya with a new healthcare facility did not materialise.

As at 7 December 2021, PT TPI has made progress payments to PT SK under the Development Works Agreement amounting to an aggregate of S\$27,000,000.00. In addition, as at 28 June 2020, the Trustee has incurred reasonable costs, fees, expenses and other payments on behalf of PT TPI under the Development Works Agreement amounting to an aggregate of S\$918,093.60.

Since the Road Subsidence, the Manager had commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields, to determine the possibility of conducting future construction works on the site should the project be revived.

LPKR had also indicated that as there were still ongoing investigations into the Road Subsidence, possible and ongoing legal action and the pending outcome of an insurance claim, more time was necessary to propose a plan for the full and final settlement of all outstanding obligations between PT SK and PT TPI in connection with the Development Works Agreement.

Having concluded the studies the Manager was of the view that re-commencing construction works would not be straightforward and will entail further development risks. As such, First REIT will not be participating in any further development plans by LPKR and the Proposed Settlement provides finality to the Development Works Agreement and allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement."

8.4.2 Review of the key financial and commercial terms of the Settlement Agreements

Pursuant to the Development Works Agreement, PT TPI shall have the right to terminate the Development Works Agreement in the event the Development Works remained uncompleted by 28 June 2020. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement.

PT TPI is entitled to be paid S\$27,000,000.00 (being the aggregate of the Progress Payments made), Interest on the Progress Payments amounting to an aggregate of S\$2,688,164.38, as well as the sum of S\$918,093.60 (being the aggregate of the Project Expenses which the Trustee has incurred on behalf of PT TPI). As the Trustee has paid and incurred the Project Expenses on behalf of PT TPI in the course of the Development Works, PT TPI has designated the payment of the Project Expenses to be made directly to the Trustee. The principal terms and conditions of the Settlement Agreement are listed below:

Principal terms and conditions of the Settlement Agreements

Key Terms	Amount incurred by First REIT (S\$ million)	Remarks
Progress Payments	27.0	First REIT will recover in full for Progress Payments made in accordance to the Development Works Agreement.
Project Expenses	0.9	First REIT will recover in full for Project Expenses incurred in the course of the Development Works.
Interest	Nil	First REIT will be paid interest at the rate of 10% per annum on the Progress Payments made. This penalty interest is triggered in the event that PT SK does not complete the Development Works no later than 28 June 2019 (the “ First Long Stop Date ”), for the period between the First Long Stop Date and 27 June 2020 (the “ Second Long Stop Date ”) in accordance to the Development Works Agreement.
Method of Payment	N/A	The Progress Payments, Project Expenses and Interest shall be paid in Singapore Dollars in immediately available funds on each of dates described in Section 6.3 of the Circular. Payment will be made in six (6) tranches with the last tranche to be paid by 30 June 2022.
Release and Discharge	N/A	PT SK confirms it has no outstanding claims whatsoever against PT TPI under the Development Works Agreement (which shall include, but is not limited to, claims for antecedent breaches by PT TPI of the Development Works Agreement (if any)). PT SK confirms that PT TPI is not in any way liable for any and all liabilities and losses (actual or potential) in respect of the Gubeng Land (including, but not limited to, the road subsidence event which took place on 18 December 2018 along Gubeng Highway, Surabaya (the “ Road Subsidence ”)), and PT SK hereby irrevocably and unconditionally indemnifies and agrees to hold harmless and keep indemnified PT TPI from and against: <ul style="list-style-type: none"> • any and all losses and liabilities incurred or suffered by PT TPI or submitted or made against or to PT TPI; • all fees, costs, expenses, reimbursements and other amounts incurred, paid or suffered by PT TPI; and • any and all suits, warnings, summons, claims, demands, actions, proceedings and/or disputes submitted to or instituted against PT TPI by any party, <p>in each case, arising from or in connection with the Gubeng Land (including any adverse due diligence findings in respect of the Gubeng Land), the Road Subsidence and/or the Development Works.</p>

Based on the terms and conditions of the Settlement Agreement, we note that:

- (i) PT TPI will recover **in full** all of the Progress Payments paid as part of the Development Works Agreement;
- (ii) The Trustee will recover **in full** all of the Project Expenses paid on behalf of PT TPI in relation to the Development Works;

- (iii) PT TPI will be entitled to Interest on the Progress Payments, at a rate of 10% per annum for the period from 28 June 2019 to 27 June 2020 amounting to S\$2,688,164.38;
- (iv) The Interest is higher (more favourable) than the Indonesian 10-year government bond yields of 6.322%¹⁶;
- (v) The Interest is higher (more favourable) than the effective interest rates for First REIT's bank loans which ranged from 1.94% to 4.75% per annum as at 30 June 2021;
- (vi) The Interest is higher (more favourable) than the effective interest rates for First REIT's resettable fixed rate subordinated perpetual securities of 4.98% per annum from 8 July 2021 (being the first reset date);
- (vii) Payment will be made in six (6) tranches with the last tranche to be paid by 30 June 2022, as such the full amounts of the Progress Payments, Project Expenses and Interest is expected to be received within the first half of 2022; and
- (viii) PT TPI will be discharged from all obligations of the Development Works Agreement and will be indemnified by PT SK from all future liabilities and losses (actual or potential) arising from or in connection with the Gubeng Land, the Road Subsidence and/or the Development Works.

8.4.3 Other considerations relating to the Proposed Settlement

(i) Use of proceeds from the Aggregate Settlement Amount

We note that the Manager intends to use the Aggregate Settlement Amount to pare down existing loans and/or for working capital purposes.

9 SUMMARY OF ANALYSIS

In arriving at our recommendation in respect of the Proposed Transactions, we have taken into account the views and representations by the Directors and the Manager and the factors set out in section 8 of this Letter. The key considerations are summarised below.

The Proposed Acquisition

- a. the Manager's rationale for the Proposed Acquisition appears to be based on sound commercial grounds, notably it provides a strategic entry into Japan Nursing Home Market with strong demand drivers;
- b. the Agreed Property Value of JPY24,213 million (S\$286.0 million) is a discount of 2.9% to the aggregate of the averages of the two independent valuations of JPY24,926 million (S\$294.4 million);
- c. the Japan Nursing Homes expected net property yield of 5.1% is within range but below the median (less favourable) of the same ratio of the Precedent Transactions;
- d. the PER, EV/EBITDA and P/NAV multiples of 16.0x, 19.1x and 1.0x respectively based on the purchase consideration for the Proposed Acquisition were below the range (more favourable) of the same ratio of the Comparable Healthcare REITs
- e. the pro forma DPU after the Proposed Acquisition will increase from 1.30 cents to 1.31 cents for 1H2021. **Based on this, the Proposed Acquisition will result in an improvement in the DPU for Unitholders of First REIT;**

¹⁶ Source: Bloomberg L.P. – Based on the Indonesia 10 years Government Bond yield as at 27 December 2021 being the Latest Practicable Date.

- f. we note the following changes to the pro forma financial ratios after the Proposed Acquisition, (i) the decrease in the pro forma NAV per Unit from 35.12 cents to 33.68 cents as at 30 June 2021, (ii) the increase in the aggregate leverage from 34.1% to 36.4% and (iii) the increase in the pro forma total capitalisation from S\$971.7 million to S\$1,224.5 million as at 30 June 2021;
- g. the pro forma distribution yield of First REIT of 8.7%, after taking into account the Proposed Acquisition, appears to compare favourably with the Comparable Singapore REITs. In addition, we note that the pro forma distribution yield of First REIT is higher than the distribution yield of Parkway Life REIT of 2.8% being the closest comparable to First REIT in terms of industry segment;
- h. the WALE of the Existing Portfolio will increase from approximately 12 years as at 30 June 2021 to approximately 14 years for its Enlarged Portfolio after completion of the Proposed Acquisition;
- i. the Manager has elected to voluntarily waive the acquisition fee which would have been payable to the Manager for the Proposed Acquisition pursuant to the Trust Deed, which fee would otherwise have been approximately S\$3.0 million;
- j. the positive outlook and the limited impact from the Covid-19 pandemic on the Japan healthcare market as noted in the Independent Market Research Report by the Independent Market Research Consultant; and
- k. the Manager intends to finance the majority of the Proposed Acquisition through the Proposed Issue of Consideration Units, which will significantly reduce the cash outlay for First REIT.

The Proposed Issue of Consideration Units and the Proposed Whitewash Resolution

- l. the Manager's rationale for the Proposed Issue of Consideration Units appears to be based on sound commercial grounds;
- m. the Consideration Unit Issue Price of S\$0.305 is at a premium of 52.5% compared to the Rights Issue Price of S\$0.20 and at a marginal premium of 1.7% compared to the Rights Issue TERP of S\$0.30.
- n. the Consideration Unit Issue Price is at approximately 4.0%, 9.2%, 11.0% and 19.1% premium to the VWAP for the Units for the period one-month, three-months, six-months, and 12-months prior to the Announcement Date, respectively;
- o. the Consideration Unit Issue Price is equal to last transacted price of S\$0.305 per Unit on the Last Trading Day;
- p. the implied P/NAV of 0.87x based on the Issue Price is mostly above the range of the historical trailing P/NAV ratios. The Unit prices have historically been trading at a discount to the NAV per Unit, with a trailing P/NAV ratio of between 0.25x and 0.91x for the 12-months period prior to the Announcement Date, with an average historical trailing P/NAV ratio of 0.59x over the same period;
- q. the Consideration Units will not be entitled to distributions by First REIT for the period preceding the date of listing of the Consideration Units even for distributions paid subsequent to the issuance of the Consideration Units; and
- r. the unitholding interests of the other Independent Unitholders will decrease from 70.76% to 55.84% following the issue of the Consideration Units to OHI.

The Proposed Settlement

- s. the Manager's rationale for the Proposed Settlement appears to be based on sound commercial grounds, notably it provides finality to the Development Works Agreements;
- t. First REIT (through its wholly-owned subsidiary PT TPI) will recover **in full** all of the Progress

Payments paid as part of the Development Works Agreement and all of the Project Expenses (which the Trustee had paid on behalf of PT TPI) incurred in relation to the Development Works;

- u. PT TPI will be entitled to Interest on the Progress Payments, at a rate of 10% per annum for the period from 28 June 2019 to 27 June 2020;
- v. interest charged on the Progress Payments is higher (more favourable) than the Indonesian 10 year government bond yields of 6.322%, the effective interest rates for First REIT's bank loans which ranged from 1.94% to 4.75% per annum as at 30 June 2021 and the effective interest rates for First REIT's resettable fixed rate subordinated perpetual securities of 4.98%;
- w. the full amounts of the Progress Payments, Project Expenses and Interest is expected to be received within the first half of 2022; and
- x. PT TPI, will be discharged from all obligations of the Development Works Agreement and will be indemnified by PT SK from all future liabilities and losses (actual or potential) arising from or in connection with the Gubeng Land, the Road Subsidence and/or the Development Works.

10 RECOMMENDATION AND CONCLUSION

Having carefully considered the information available to us, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date and based on the factors set out in section 9 of this Letter, and subject to the qualifications and assumptions made herein, we are of the view that:

- (i) the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders;
- (ii) the Proposed Issue of Consideration Units as partial consideration for the Proposed JMF Acquisition is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders;
- (iii) the terms of the Proposed Issue of Consideration Units as partial consideration for the Proposed JMF Acquisition, which is the subject of the Proposed Whitewash Resolution, are fair and reasonable; and the Proposed Whitewash Resolution is fair and reasonable; and
- (iv) the Proposed Settlement is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

Accordingly, we are of the view that the Independent Directors and the Audit and Risk Committee should recommend that (i) minority Unitholders vote in favour of the Proposed Acquisition, the Proposed Issue of Consideration Units and the Proposed Settlement and (ii) Independent Unitholders vote in favour of the Proposed Whitewash Resolution, to be proposed at the EGM.

In performing our evaluation and arriving at these conclusions, we wish to emphasise that the opinion set forth herein is based solely on publicly available information and information provided by the Directors and the management of the Manager and therefore does not reflect any projections or future financial performance of First REIT after the completion of the Proposed Transactions and are based on the economic and market conditions prevailing as of the date of this Letter. Our advice is strictly confined to our views on the Proposed Transactions.

This Letter (for inclusion in the Circular) and our opinion therein has been prepared as required under Listing Rule 921(4)(a), is addressed to the Independent Directors, the Audit and Risk Committee and the Trustee for their benefit, in connection with and for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Independent Directors and the Audit and Risk Committee to the Unitholders in relation to the Proposed Transactions remains the responsibility of the Independent Directors and the Audit and Risk Committee.

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

Yours faithfully
For and on behalf of
STIRLING COLEMAN CAPITAL LIMITED

YAP YEONG KEEN
MANAGING DIRECTOR

VALUATION CERTIFICATES



Cushman & Wakefield K.K.
Sanno Park Tower 13F
2-11-1 Nagatacho, Chiyoda-ku
Tokyo 100-6113, Japan

6 December 2021

Perpetual (Asia) Limited (in its capacity as trustee of First Real Estate Investment Trust (“First REIT”))
16 Collyer Quay #07-01
Singapore 049318

Dear Sir or Madam,

VALUATION OF THE PORTFOLIO OF 12 PROPERTIES COMPRISING:

1. Hikari Heights Varus Ishiyama
2. Hikari Heights Varus Tsukisamu Koen
3. Hikari Heights Varus Fujino
4. Hikari Heights Varus Kotoni
5. Hikari Heights Varus Makomanai Koen
6. Varus Cuore Yamanote
7. Varus Cuore Sapporo-kita/Kita Annex
8. Elysion Gakuenmae
9. Elysion Mamigaoka, Elysion Mamigaoka Annex
10. Orchard Amanohashidate
11. Orchard Kaichi North
12. Orchard Kaichi West

Cushman & Wakefield K.K. (“C&W”) have appraised the properties as listed above (“the Properties”) and provided comprehensive valuation reports (the “Reports”) in accordance with the requirements in the agreement of instruction from Perpetual (Asia) Limited (in its capacity as Trustee of First REIT) (“the Client”), for whom our valuations were conducted. This Letter should be read in conjunction with the said issued Valuation Reports and is vested with the Client, First Real Estate Investment Trust and First REIT Management Limited

We have been instructed to appraise the market value of the Properties as at the date of valuation, 29 October 2021, in accordance with the definition below:

“Market value refers to the probable value that would be formed for the marketable real estate in a market that satisfies conditions associated with a rational market under actual socio-economic circumstances. In this context, the market refers to a market that satisfied the conditions listed below:

1. Market participants with typical information, knowledge and management skills are acting on their own free will, and are able to enter or leave the market as they wish;
2. There are no special restrictions on transactions that restrict market participants nor any extraordinary incentives that induce participants to sell or buy the Properties; and
3. The Subject Properties are made available for sale in the market for an appropriate period of time. “

We are on the opinion that the Market Value defined under the Japanese Real Estate Appraisal Standards is consistent with that of International Valuation Standards 2017 (IVS).

For the specific purposes of this prospectus, we provide a Valuation Summary of the Reports with a brief description of the Properties together with the key factors that have been considered in determining the market values of the Properties. The value conclusions reflect all information known by the valuers of C&W who worked on the valuations in respect to the Properties, market conditions and available data.

1. RELIANCE ON THIS LETTER

This Valuation Summary summarises the full Reports that C&W have carried out and it does not contain all the necessary information and assumptions that are included in the Reports. Further reference may be made to these Reports, copies of which are held by the Client.

The valuation contained in the Reports are based on the information obtained from reliable and reputable agencies and sources, the Manager and other related parties but are not guarantees or predictions. Whilst C&W have endeavoured to obtain accurate information, it has not independently verified all the information provided by the Manager or other reliable and reputable agencies.

Where applicable, information as to ownership, site area and zoning has been obtained from our searches at the local municipalities. C&W have also relied to a considerable extent the property data provided by the Manager on matters such as site and floor areas, lease terms/tenancy details, site and building plans, dates of completion, technical due diligence or engineering reports and all other relevant matters.

Also, in the course of the valuation, we have assumed that all the leases are legally valid and enforceable and the Properties have proper legal titles that can be freely transferable, leased and sub-leased in the market without being subject to any land premium or any extra charges. C&W have no reason to doubt the truth and accuracy of the information provided to us by the Manager which is material to the valuation.

No allowance has been made in the valuation for any charges, mortgages or amounts owing on the Properties. C&W have assumed that the Properties are free from encumbrances, restrictions or other outgoings of an onerous nature which would affect their market value, other than those which have been made known to C&W.

The urgent repair costs estimated in the engineering reports are excluded in this valuation because the urgent repair items will be discussed and handled between the Vendor and the Manager separately.

The methodologies used in valuing the Properties, namely, the Discounted Cash Flow Analysis and Direct Capitalization Approach, are based on our professional opinion and estimates of the future results and are not guarantees or predictions. These valuation methodologies are summarized in this letter. Each methodology is based on a set of assumptions as to the income and expenses taking into considerations the changes in economic conditions and other relevant factors affecting the Properties. The resultant value is, in our opinion, the best estimate but it is not to be construed as a guarantee or prediction and it is fully dependent upon the accuracy of the assumptions made. This Valuation Summary does not contain all the necessary supporting data and details included in our Reports. For further information on that, reference should be made to the Reports to understand the complexity of the methodologies and the variables involved in order to appreciate the context in which the values are arrived at.

We have inspected the exterior and, where possible, the interior of the Properties. No structural survey has been made, but in the course of our inspection, we did not note any serious defect to the completed buildings. We are not, however, able to report that the Properties are free from rot, infestation or any structural defect. No tests were carried out to any of the services.

We have also not carried out investigations on site in order to determine the suitability of ground conditions, nor have we undertaken archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory.

No reliance may be placed upon the contents of this Letter by any party for any purpose other than in connection with the Purpose of Valuation and only with reference to the Valuation Reports.

2. VALUATION RATIONALE

In arriving at our valuation, we have considered relevant general and economic factors and in particular have investigated recent sales transactions of comparable properties that have occurred in the vicinity or in similar standard localities. We have utilized the Discounted Cash Flow Analysis, the Direct Capitalization Method and the Cost Approach, where appropriate, in undertaking our assessment of the Properties.

2.1 INCOME APPROACH

2.1.1 Discounted Cash Flow Analysis

We have carried out a discounted cash flow analysis over a 10-year investment horizon in which we have assumed that the Properties were sold at the commencement of the eleventh year of the cash flow. This form of analysis allows an investor to make an assessment of the long term return that is likely to be derived from each of the Properties with a combination of both net income/rental and capital growth over an assumed investment horizon. In undertaking this analysis, a wide range of assumptions are made including a target or pre-selected discounted rate, rental growth, sale price of each Property at the end of the investment horizon as well as costs associated with its disposal at the end of the investment period.

The subject properties are nursing homes, the rent is based on the lessor's rent-bearing capacity from each operation. We confirmed that the subject properties have well enough capacity to pay the current rent by analysing the rent-to-sales ratio with the historical GOP. Therefore, we estimated future income based on the current contract rent. The tenant turnover is not assumed considering the characteristics and the status of the subject properties. Other income and expenses are mostly based on the actual amount which is in line with the market level. The repair cost and capital expenditures are based on the estimation by the building engineering reports provided.

We have investigated the current market requirements for an investment return over a 10-year period from the relevant market sector in order to determine the appropriate discount rate for each property.

Our selected terminal capitalization rates, used to estimate the terminal sale price, takes into consideration perceived market conditions in the future, estimated tenancy and cash flow profile and the overall physical condition of the building in 10 years time. The adopted Terminal Capitalization Rate, additionally, has regard to the duration of the remaining tenure of properties at the end of the cash flow period.

2.1.2 Direct Capitalization Method

We have cross-checked the Properties' interests using the direct capitalization method by taking into account estimated sustainable revenues of the Property and by making adjustment to reflect anticipated operating expenses or outgoings. As a result, a net income has been derived which is then capitalized by an appropriate capitalization rate. The capitalization rate was obtained by comparing capitalization rates of similar properties in market transactions, where available.

2.2 COST APPROACH

We have cross-checked each Property's interests by deducting the accrued depreciation from the reproduction cost.

3. PROPERTY DESCRIPTIONS

The properties are Fee-based Homes for the Elderly, providing long-term care. All land and buildings are owned by the same entity, the tenure of properties is all freehold. The properties are leased to an operator under 30-year standard lease contract. Therefore, the Gross Floor Area (GFA) and Net lettable Area (NLA) of the properties are the same for all properties.

There are no pertinent factors and/or parameters that have a significant impact on the value for all properties.

	Property	Prefecture	Tenure	Site Area (sqm)	GFA/NLA (sqm)	No. of Units	Tenant	Cap Rate (NCF)	Discount Rate	Terminal Rate
1	Hikari Heights Varus Ishiyama	Hokkaido	Freehold	4,413.25	8,746.98	117	Hikari Heights-Varus Co., Ltd.	4.7%	4.5%	4.8%
2	Hikari Heights Varus Tsukisamu Koen	Hokkaido	Freehold	2,248.92	4,362.45	58	Hikari Heights-Varus Co., Ltd.	4.7%	4.5%	4.8%
3	Hikari Heights Varus Fujino	Hokkaido	Freehold	7,230.00	9,781.80	139	Hikari Heights-Varus Co., Ltd.	4.6%	4.4%	4.7%
4	Hikari Heights Varus Kotoni	Hokkaido	Freehold	11,032.94	20,756.44	281	Hikari Heights-Varus Co., Ltd.	4.3%	4.1%	4.4%
5	Hikari Heights Varus Makomanai Koen	Hokkaido	Freehold	6,652.96	13,301.30	161	Hikari Heights-Varus Co., Ltd.	4.4%	4.2%	4.5%
6	Varus Cuore Yamanote	Hokkaido	Freehold	1,667.87	2,807.83	59	Hikari Heights-Varus Co., Ltd.	4.4%	4.2%	4.5%
7	Varus Cuore Sapporo-kita/Kita Annex	Hokkaido	Freehold	5,269.13	7,636.60	216	Hikari Heights-Varus Co., Ltd.	4.6%	4.4%	4.7%
8	ElySION Gakuenmae	Nara	Freehold	1,898.30	3,790.00	92	K.K. Safetylife	4.5%	4.3%	4.6%
9	ElySION Mamigaoka, ElySION Mamigaoka Annex	Nara	Freehold	6,997.21	10,258.85	160	K.K. Safetylife	4.7%	4.5%	4.8%
10	Orchard Amanohashidate	Kyoto	Freehold	2,694.41	2,927.14	60	Orchard Care K.K.	4.6%	4.4%	4.7%
11	Orchard Kaichi North	Nagano	Freehold	2,833.41	5,057.91	79	Orchard Care K.K.	4.7%	4.5%	4.8%
12	Orchard Kaichi West	Nagano	Freehold	796.98	1,561.49	29	Orchard Care K.K.	4.7%	4.5%	4.8%

1. Hikari Heights Varus Ishiyama

The subject property is a fee-based nursing home, located approximately 3,700m from "Makomanai" Station on the Sapporo City Subway Namboku Line. The nearest bus stop, "Ishiyama Chuo" is within four-minute walk from the subject. It takes 7 minutes to a railway station.

The subject is a 9-storey building with a gross floor area of 8,746.98 square meters and a land area of 4,413.25 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2021. The contract and current gross rent are in line with market rates.

2. Hikari Heights Varus Tsukisamu Koen

The subject property is a fee-based nursing home, located approximately 380m from "Misono" Station on the Sapporo City Subway Toho Line.

The subject is 10-storey building with a gross floor area of 4,362.45 square meters and a land area of 2,248.92 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. The contract and current gross rent are in line with market rates.

3. Hikari Heights Varus Fujino

The subject property is a fee-based nursing home, located approximately 8,200m from "Makomanai" Station on the Sapporo City Subway Namboku Line. The nearest bus stop, "Fujino 3-jyo 11-chome" is within one-minute walk from the subject. It takes 20 minutes to a railway station.

The subject is 13-storey building with a gross floor area of 9,781.80 square meters and a land area of 7,230.00 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. The contract and current gross rent are in line with market rates.

4. Hikari Heights Varus Kotoni

The subject property is a fee-based nursing home, located approximately 320m distance from “Kotoni” Station on the JR Hakodate honsen.

The subject is a 14-storey building with a gross floor area of 20,756.44 square meters and a land area of 11,032.94 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. The contract and current gross rent are in line with market rates.

5. Hikari Heights Varus Makomanai Koen

The subject property is a fee-based nursing home, located approximately 1,000m distance from “Makomanai” Station on the Sapporo City Subway Namboku Line.

The subject is a 10-storey building with a gross floor area of 13,301.30 square meters and a land area of 6,652.96 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd. under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. The contract and current gross rent are in line with market rates.

6. Varus Cuore Yamanote

The subject property is a fee-based nursing home, located approximately 1,100m distance from “Kotoni” Station on the Sapporo City Subway.

The subject is a 4-storey building with a gross floor area of 2,807.83 square meters and a land area of 1,667.87 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

7. Varus Cuore Sapporo-kita/Kita Annex

The subject property is a fee-based nursing home, located approximately 3,700m from “Yurigahara” Station on the JR Gakuentoshi Line and 4,900m from “Azabu” Station on the Subway Nanboku Line.

The subject is a part 5-storey and part 3-storey building with a gross floor area of 7,636.60 square meters and a land area of 5,269.13 square meters. It is leased to the operator, Hikari Heights-Varus Co., Ltd., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. The contract and current gross rent are in line with market rates.

8. Elyision Gakuenmae

The subject property is a fee-based nursing home, located approximately 1,050m from “Gakken-Nara-Tomigaoka” Station on the Kintetsu Keihanna Line.

The subject is a 5-storey building with a gross floor area of 3,790.00 square meters and a land area of 1,898.30 square meters. It is leased to the operator, K.K. Safetylife, under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

9. Elyision Mamigaoka, Elyision Mamigaoka Annex

The subject property is a fee-based nursing home, located approximately 1,580m from “Goido” Station on the Kintetsu Osaka Line.

The subject is a part 5-storey, part 4-storey building with a gross floor area of 10,258.85 square meters and a land area of 6,997.21 square meters. It is leased to the operator, K.K. Safetylife, under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

10. Orchard Amanohashidate

The subject property is a fee-based nursing home, located approximately 1,300m from “Amanohashidate” Station on the Kita-Kinki Tango Railway Miyazu Line.

The subject is a part 3-storey, part 2-storey building with a gross floor area of 2,927.14 square meters and a land area of 2,694.41 square meters. It is leased to the operator, Orchard Care K.K., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

11. Orchard Kaichi North

The subject property is a fee-based nursing home, located approximately 1,200m from “Kita-Matsumoto” Station on the JR Oito Line.

The subject is a 4-storey building with a gross floor area of 5,057.91 square meters and a land area of 2,833.41 square meters. It is leased to the operator, Orchard Care K.K., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

12. Orchard Kaichi West

The subject property is a fee-based nursing home, located approximately 1,200m from “Kita-Matsumoto” Station on the JR Oito Line.

The subject is a 4-storey building with a gross floor area of 1,561.49 square meters and a land area of 796.98 square meters. It is leased to the operator, Orchard Care K.K., under 30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. The contract and current gross rent are in line with market rates.

4. SUMMARY OF VALUATION

Our opinion of the market value of each of the Properties is stated in the table below, subject to all existing and proposed tenancies and occupancy arrangements. The following summarizes the market value for each property:

	Property Name	Property Address	Market Value as at 29 October 2021
1	Hikari Heights Varus Ishiyama	216-1 and 2 other tracts, Ishiyama 1-jyo 3-chome, Minami-ku, Sapporo-shi	JPY 824,000,000
2	Hikari Heights Varus Tsukisamu Koen	25 and 5 other tracts, Misono 9-jyo 8-chome, Toyohira-ku, Sapporo-shi	JPY 631,000,000
3	Hikari Heights Varus Fujino	240-1 and 3 other tracts, Fujino 3-jyo 11-chome, Minami-ku, Sapporo-shi	JPY 1,640,000,000
4	Hikari Heights Varus Kotoni	8 and 2 other tracts, Nijuyonken 4-jyo 1-chome, Nishi-ku, Sapporo-shi	JPY 6,460,000,000
5	Hikari Heights Varus Makomanai Koen	1-1, Makomanai-midorimachi 1-chome, Minami-ku, Sapporo-shi	JPY 4,560,000,000
6	Varus Cuore Yamanote	1 and another tract, Yamanote 6-jyo 2-chome, Nishi-ku, Sapporo-shi	JPY 1,100,000,000
7	Varus Cuore Sapporo-kita/Kita Annex	3-1 and 11 other tracts, Tonden 8-jyo 9-chome, Kita-ku, Sapporo-shi	JPY 2,870,000,000
8	ElySION Gakuenmae	1994-6, Nakatomigaoka 1-chome, Nara-shi, Nara-ken	JPY 1,660,000,000
9	ElySION Mamigaoka, ElySION Mamigaoka Annex	1-1 and 2 other tracts, Umamiminami 4-chome, Koryocho, Kitakatsuragi-gun, Nara-ken	JPY 2,370,000,000
10	Orchard Amanohashidate	1060-1 and 4 other tracts, Aza Mannen Koaza Akaiwa, Miyazu-shi, Kyoto-fu	JPY 967,000,000
11	Orchard Kaichi North	1603-15 and 4 other tracts, Kaichi 2-chome, Matsumoto-shi, Nagano-ken	JPY 1,320,000,000
12	Orchard Kaichi West	1602-9 and 2 other tracts, Kaichi 2-chome, Matsumoto-shi, Nagano-ken	JPY 427,000,000

The total aggregate value for all the 12 properties is JPY 24,829,000,000 only.

More property details for each of the Properties are found in the Valuation Certificates attached to this letter.

VALUATION CERTIFICATE

1. DISCLAIMER

We have prepared this Valuation Certificate that appears in the Prospectus and specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Prospectus, other than in respect of the information provided within the valuation reports and summary. We do not make any warranty or representation as to the accuracy of the information in any part of the Prospectus other than as expressly made or given in this valuation summary.

All information provided to us by the Manager is treated as correct and true and we accept no responsibility for subsequent changes in information and reserve the right to change our valuation if any information provided were to materially change. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the Properties 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.

We and the valuer are independent of First REIT.

We confirm that the valuer has not been found to be in breach of any rule or law relevant to real property valuation and is not (i) denied or disqualified from membership of or licensing from; (ii) subject to any sanction imposed by; (iii) the subject of any disciplinary proceedings by; or (iv) the subject of any investigation which might lead to disciplinary action by, any professional body or authority relevant to real property valuation.

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.

Yours faithfully

For and on behalf of

CUSHMAN & WAKEFIELD K.K.



Katsuaki Shinohara, LREA, MRICS

Director

Real Estate Appraiser License No. 8309

katsuaki.shinohara@cushwake.com

81 3 3596 7049 Office Direct

2. SUMMARY OF VALUATION

2.1 HIKARI HEIGHTS VARUS ISHIYAMA

Date of Valuation:	29 October 2021
Legal Description:	216-1 and 2 other tracts, Ishiyama 1-jyo 3-chome, Minami-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 9-storey rental nursing home (Hikari Heights Varus Ishiyama), located to the southwest of "Makomanai" Station on the Sapporo City Subway Nanboku Line.
Land Area:	4,413.25 square meters (Registered document)
Gross Floor Area (GFA):	8,746.98 square meters (Registered document)
Net Lettable Area (NLA):	8,746.98 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2021. Monthly rent is JPY5,500,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	117 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Neighborhood Commercial Area, Type I Residential Area Building Coverage Ratio (BCR): Effective 34.56% < Permitted 60.96% Floor Area Ratio (FAR): Effective 199.99% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.7%
Terminal Capitalization Rate:	4.8%
Discount Rate:	4.5%
Market Value:	JPY 824,000,000
Value psm of NLA and GFA**:	JPY 94,200 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.2 HIKARI HEIGHTS VARUS TSUKISAMU KOEN

Date of Valuation:	29 October 2021
Legal Description:	25 and 5 other tracts, Misono 9-jyo 8-chome, Toyohira-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 10-storey rental nursing home (Hikari Heights Varus Tsukisamu Koen), located to the southeast of "Misono" Station on the Sapporo City Subway Toho Line.
Land Area:	2,248.92 square meters (Registered document)
Gross Floor Area (GFA):	4,362.45 square meters (Registered document)
Net Lettable Area (NLA):	4,362.45 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. Monthly rent is JPY3,800,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	58 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Middle-/High-rise Oriented Residential Area Building Coverage Ratio (BCR): Effective 40.72% < Permitted 70% Floor Area Ratio (FAR): Effective 198.77% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.7%
Terminal Capitalization Rate:	4.8%
Discount Rate:	4.5%
Market Value:	JPY 631,000,000
Value psm of NLA and GFA**:	JPY 145,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.3 HIKARI HEIGHTS VARUS FUJINO

Date of Valuation:	29 October 2021
Legal Description:	240-1 and 3 other tracts, Fujino 3-jyo 11-chome, Minami-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 13-storey rental nursing home (Hikari Heights Varus Fujino), located to the southwest of "Makomanai" Station on the Sapporo City Subway Nanboku Line.
Land Area:	7,230.00 square meters (Registered document)
Gross Floor Area (GFA):	9,781.80 square meters (Registered document)
Net Lettable Area (NLA):	9,781.80 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. Monthly rent is JPY8,600,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	139 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Residential Area, Type I Exclusively Low-rise Residential Area Building Coverage Ratio (BCR): Effective 21.11% < Permitted 50.77% Floor Area Ratio (FAR): Effective 135.14% < Permitted 135.41%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.6%
Terminal Capitalization Rate:	4.7%
Discount Rate:	4.4%
Market Value:	JPY 1,640,000,000
Value psm of NLA and GFA**:	JPY 168,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.4 HIKARI HEIGHTS VARUS KOTONI

Date of Valuation:	29 October 2021
Legal Description:	8 and 2 other tracts, Nijuyonken 4-jyo 1-chome, Nishi-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 14-storey rental nursing home (Hikari Heights Varus Kotoni), located to the southeast of "Kotoni" Station on the JR Hakodatehonsen.
Land Area:	11,032.94 square meters (Registered document)
Gross Floor Area (GFA):	20,756.44 square meters (Registered document)
Net Lettable Area (NLA):	20,756.44 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. Monthly rent is JPY27,000,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	281 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Quasi Industrial Area Building Coverage Ratio (BCR): Effective 40.75% < Permitted 60% Floor Area Ratio (FAR): Effective 185.32% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.3%
Terminal Capitalization Rate:	4.4%
Discount Rate:	4.1%
Market Value:	JPY 6,460,000,000
Value psm of NLA and GFA**:	JPY 311,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.5 HIKARI HEIGHTS VARUS MAKOMANAI KOEN

Date of Valuation:	29 October 2021
Legal Description:	1-1, Makomanai-midorimachi 1-chome, Minami-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 10-storey rental nursing home (Hikari Heights Varus Makomanai Koen), located to the northeast of "Makomanai" Station on the Sapporo City Subway Nanboku Line.
Land Area:	6,652.96 square meters (Registered document)
Gross Floor Area (GFA):	13,301.30 square meters (Registered document)
Net Lettable Area (NLA):	13,301.30 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. Monthly rent is JPY19,400,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	161 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type II Middle-/High-rise Oriented Residential Area Building Coverage Ratio (BCR): Effective 47.46% < Permitted 70% Floor Area Ratio (FAR): Effective 200.00% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.4%
Terminal Capitalization Rate:	4.5%
Discount Rate:	4.2%
Market Value:	JPY 4,560,000,000
Value psm of NLA and GFA**:	JPY 343,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.6 VARUS CUORE YAMANOTE

Date of Valuation:	29 October 2021
Legal Description:	1 and another tract, Yamanote 6-jyo 2-chome, Nishi-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 4-storey rental nursing home (Varus Cuore Yamanote), located to the southwest of "Kotoni" Station on the Sapporo City Subway Tozai Line.
Land Area:	1,667.87 square meters (Registered document)
Gross Floor Area (GFA):	2,807.83 square meters (Registered document)
Net Lettable Area (NLA):	2,807.83 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY4,800,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	59 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Middle-/High-rise Oriented Residential Area Building Coverage Ratio (BCR): Effective 51.36% < Permitted 60% Floor Area Ratio (FAR): Effective 171.80% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.4%
Terminal Capitalization Rate:	4.5%
Discount Rate:	4.2%
Market Value:	JPY 1,100,000,000
Value psm of NLA and GFA**:	JPY 392,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.7 VARUS CUORE SAPPORO-KITA/KITA ANNEX

Date of Valuation:	29 October 2021
Legal Description:	3-1 and 11 other tracts, Tonden 8-ryo 9-chome, Kita-ku, Sapporo-shi
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a part 5-storey and part 3-storey rental nursing home (Varus Cuore Sapporo-kita/Kita Annex), located to the northwest of "Azabu" Station on the Subway Nanboku Line, and northwest of "Yurigahara" Station on the JR Gakuentoshi Line.
Land Area:	5,269.13 square meters (Registered document)
Gross Floor Area (GFA):	7,636.60 square meters (Registered document)
Net Lettable Area (NLA):	7,636.60 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Hikari Heights-Varus Co., Ltd.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2022. Monthly rent of Sapporo-kita and Sapporo-kita Annex are JPY7,904,762 and 4,500,000 respectively, under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every two years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Residential style nursing home
Specific facility for Providing Life Care Service:	None
Right type for residents:	Right of facility use
No. of Units:	216 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Residential Area Building Coverage Ratio (BCR): Effective 47.62% < Permitted 70% Floor Area Ratio (FAR): Effective 148.15% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.6%
Terminal Capitalization Rate:	4.7%
Discount Rate:	4.4%
Market Value:	JPY 2,870,000,000
Value psm of NLA and GFA**:	JPY 376,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	12 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Tadao Kawashima, Licensed Real Estate Appraiser, License No. 8985

Report prepared by:

Cushman & Wakefield K.K.

2.8 ELYSION GAKUENMAE

Date of Valuation:	29 October 2021
Legal Description:	1994-6, Nakatomigaoka 1-chome, Nara-shi, Nara-ken
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 5-storey rental nursing home (ElySION Gakuenmae), located to the south of "Gakken-Nara-Tomigaoka" Station on the Kintetsu Keihanna Line.
Land Area:	1,898.30 square meters (Registered document)
Gross Floor Area (GFA):	3,790.00 square meters (Registered document)
Net Lettable Area (NLA):	3,790.00 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	K.K. Safetylife
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY6,992,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every three years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Use rights
No. of Units:	92 standard type rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Middle-/High-rise Oriented Residential Area Building Coverage Ratio (BCR): Effective 52.42% < Permitted 60% Floor Area Ratio (FAR): Effective 199.93% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.5%
Terminal Capitalization Rate:	4.6%
Discount Rate:	4.3%
Market Value:	JPY 1,660,000,000
Value psm of NLA and GFA**:	JPY 438,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	7 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Katsuaki Shinohara, Licensed Real Estate Appraiser, License No. 8309

Report prepared by:

Cushman & Wakefield K.K.

2.9 ELYSION MAMIGAOKA, ELYSION MAMIGAOKA ANNEX

Date of Valuation:	29 October 2021
Legal Description:	1-1 and 2 other tracts, Umamiminami 4-chome, Koryocho, Kitakatsuragi-gun, Nara-ken
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a part 5-storey, part 4-storey rental nursing home (ElySION Mamigaoka, ElySION Mamigaoka Annex), located to the northeast of "Goido" Station on the Kintetsu Osaka Line.
Land Area:	6,997.21 square meters (Registered document)
Gross Floor Area (GFA):	10,258.85 square meters (Registered document)
Net Lettable Area (NLA):	10,258.85 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	K.K. Safetylife
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY11,220,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every three years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Use rights
No. of Units:	160 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Middle-/High-rise Oriented Residential Area Building Coverage Ratio (BCR): Effective 36.77% < Permitted 50% Floor Area Ratio (FAR): Effective 112.84% < Permitted 150%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.7%
Terminal Capitalization Rate:	4.8%
Discount Rate:	4.5%
Market Value:	JPY 2,370,000,000
Value psm of NLA and GFA**:	JPY 231,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	7 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Katsuaki Shinohara, Licensed Real Estate Appraiser, License No. 8309

Report prepared by:

Cushman & Wakefield K.K.

2.10 ORCHARD AMANOHASHIDATE

Date of Valuation:	29 October 2021
Legal Description:	1060-1 and 4 other tracts, Aza Mannen Koaza Akaiwa, Miyazu-shi, Kyoto-fu
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a part 3-storey, part 2-storey rental nursing home (Elyson Amanohashidate), located to the southeast of "Amanohashidate" Station on the Kyoto Tango Railway Miyatoyo Line.
Land Area:	2,694.41 square meters (Registered document)
Gross Floor Area (GFA):	2,927.14 square meters (Registered document)
Net Lettable Area (NLA):	2,927.14 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Orchard Care K.K.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY4,560,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every three years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	60 private rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Non-divided City Planning Area Building Coverage Ratio (BCR): Effective 49.90% < Permitted 60.00% Floor Area Ratio (FAR): Effective 110.02% < Permitted 200.00%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.6%
Terminal Capitalization Rate:	4.7%
Discount Rate:	4.4%
Market Value:	JPY 967,000,000
Value psm of NLA and GFA**:	JPY 330,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	8 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Katsuaki Shinohara, Licensed Real Estate Appraiser, License No. 8309

Report prepared by:

Cushman & Wakefield K.K.

2.11 ORCHARD KAICHI NORTH

Date of Valuation:	29 October 2021
Legal Description:	1603-15 and 4 other tracts, Kaichi 2-chome, Matsumoto-shi, Nagano-ken
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 4-storey rental nursing home (ElySION Kaichi North) with 1 basement, located to the northeast of "Kitamatsumoto" Station on the JR Oito Line.
Land Area:	2,833.41 square meters (Registered document)
Gross Floor Area (GFA):	5,057.91 square meters (Registered document)
Net Lettable Area (NLA):	5,057.91 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Orchard Care K.K.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY6,550,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every three years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	79 rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Residential Area Building Coverage Ratio (BCR): Effective 59.23% < Permitted 60% Floor Area Ratio (FAR): Effective 184.38% < Permitted 200%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.7%
Terminal Capitalization Rate:	4.8%
Discount Rate:	4.5%
Market Value:	JPY 1,320,000,000
Value psm of NLA and GFA**:	JPY 261,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	5 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Yoji Kawakami, Licensed Real Estate Appraiser, License No. 9124

Report prepared by:

Cushman & Wakefield K.K.

2.12 ORCHARD KAICHI WEST

Date of Valuation:	29 October 2021
Legal Description:	1602-9 and 2 other tracts, Kaichi 2-chome, Matsumoto-shi, Nagano-ken
Name of Client:	Perpetual (Asia) Limited (in its capacity as trustee of First REIT)
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the client.
Basis of Valuation:	Market Value on an as-is basis
Interest Valued:	Ownership right (Freehold)
Registered Owner/Trustee:	OUELH Japan First Tokutei Mokuteki Kaisha*
Brief Description of Property:	The subject property is a 4-storey rental nursing home (Elyson Kaichi West), located to the northeast of "Kitamatsumoto" Station on the JR Oito Line.
Land Area:	796.98 square meters (Registered document)
Gross Floor Area (GFA):	1,561.49 square meters (Registered document)
Net Lettable Area (NLA):	1,561.49 square meters (Rent Contract)
Tenancy Details:	The subject land and building is owned by OUELH Japan First Tokutei Mokuteki Kaisha* which leases the property to the operator. *OUELH Japan First Tokutei Mokuteki Kaisha was previously known as IHC Japan First TMK.
Tenant (Operator):	Orchard Care K.K.
Pertinent Terms of the Master Lease:	30-year standard lease expiring on April 24, 2043 with non-cancellation period until April 24, 2023. Monthly rent is JPY2,393,000 under gross lease structure. Rent increase based on the inflation or interest rate appreciation, can be negotiated every three years. Rent reduction request is not allowed.
Facility type:	Fee-based home for the elderly
Category under the Guideline for Nursing Home Development and Management:	Nursing home providing long-term care
Specific facility for Providing Life Care Service:	Yes
Right type for residents:	Right of facility use
No. of Units:	29 private rooms
Town Planning:	Town Planning: City planning area Planning Classification: Urbanization Promotion Area Zoning: Type I Residential Area Building Coverage Ratio (BCR): Effective 66.39% < Permitted 70.00% Floor Area Ratio (FAR): Effective 199.90% < Permitted 200.00%
Methods of Valuation:	Discounted Cash Flow, Capitalization Method and Cost Method
Capitalization Rate:	4.7%
Terminal Capitalization Rate:	4.8%
Discount Rate:	4.5%
Market Value:	JPY 427,000,000
Value psm of NLA and GFA**:	JPY 273,000 per sq m **The NLA and GFA are the same as the property is master leased to a single master tenant.
Date of Site Inspection:	5 October 2021

Assumptions, Disclaimers, Limitations &
Qualifications:

The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging Cushman & Wakefield K.K. to provide their opinion on the Market Value, within the full valuation report and/or this appraisal certificate, this certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the Acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

Appraiser:

Yoji Kawakami, Licensed Real Estate Appraiser, License No. 9124

Report prepared by:

Cushman & Wakefield K.K.



6 December 2021

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

Perpetual (Asia) Limited
(in its capacity as trustee of First Real Estate Investment Trust) (the "Trustee")
16 Collyer Quay #07-01 Singapore 049318

(together, the "Addressees")

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Dear Sirs & Madams,

**SUMMARY LETTER OF THE VALUATION OF 12 NURSING HOMES IN JAPAN
(THE "JAPAN PORTFOLIO")**

As instructed by the Manager, we, CBRE K.K. ("CBRE"), have issued a valuation report dated 6 December 2021 with material date of valuation as at 29 October 2021 ("Valuation Reports"), outlining the Market Value for each of the 12 nursing homes in Japan for acquisition purposes.

For the specific purposes of this circular for the Acquisition (the "Circular"), we provide this letter (the "Letter") which is a condensed version of our more extensive Valuation Reports, outlining key factors that have been considered in arriving at our opinions of value. This Letter should be read in conjunction with the said issued Valuation Reports.

We have issued the comprehensive formal full Valuation Reports and this Letter, which is vested with First Real Estate Investment Trust and First REIT Management Limited (as Manager of First Real Estate Investment Trust), in accordance with the terms of engagement entered into between CBRE and the addressees, dated 21 September 2021. The terms and conditions set out in the engagement are standard for providing valuation services.

For the purpose of the basis of valuation, the valuation is prepared in accordance with the Japanese Real Estate Appraisal Standards, Market Value is defined as follows:

"Market value refers to the probable value that would be formed for the marketable real estate in a market that satisfies conditions associated with a rational market under actual socio-economic circumstances. A market that satisfies the conditions associated with a rational market under actual socio-economic circumstances refers to a market that satisfies the conditions listed below."

- 1) The market participants must be acting on their own free will and be able to enter or leave the market as they wish. Motivated by the desire to maximize their returns while exhibiting wise and prudent behaviour, market participants will satisfy the requirements listed below.
 - a. No special motivation causes them to sell off or to initiate buying.
 - b. They have only access to ordinary knowledge and information, required to conduct transactions involving the subject property or in the subject property market.
 - c. They have expended the labour and costs normally considered necessary to conduct transactions.
 - d. They premise value on the highest and best use of the subject property.
 - e. Purchasers have ordinary access to procuring funds (financing).
- 2) There must be no special curbs on transactions that restrict market participants nor any extraordinary incentives that induce participants to sell off or initiate buying.

3) The subject property must be exposed in the market for an appropriate period of time.

Meanwhile, under the International Valuation Standards 2017 (IVS), Market Value is defined as follows:

"Market value is the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

With the above, we are on the opinion that the Market Value defined under the Japanese Real Estate Appraisal Standards is consistent with that of IVS. Moreover, we have adopted the Royal Institution of Chartered Surveyors (RICS) Valuations - Global Standards 2020, incorporating IVSC International Valuations Standards 2020, the definition of Market Value is as follows:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The value conclusion reflects all information known by the valuers of CBRE who worked on the valuation in respect to the Property, market conditions and available data.

Title Investigation

We have been provided with copies of tenancy agreements and have been advised by the Company that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. All documents have been used for reference only.

Valuation Assumptions

Our valuations have been made on the assumption that the Properties are sold in the market in their existing state without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the value of the Properties. In addition, no forced sale situation in any manner is assumed in our valuations.

Valuation Considerations

We have inspected the exterior and where possible, the interior of the Properties. Inspection of the Properties was carried out in October of 2021 by licensed real estate appraisers who belong to the Japanese Association of Real Estate Appraisers.

During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the Properties. We are, therefore, unable to report that the Properties are free from rot, infestation or any other structural defects.

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the Properties and other relevant information.



We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the Properties but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Company and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Company and we have relied on the Company's confirmation that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties or for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuation has been prepared in accordance with the Japanese Real Estate Appraisal Standards" ("Appraisal") under the "Guideline on the Determination of the Objectives and Scope of Work for Real Estate Valuation by Licensed Real Estate Appraisers and the Matters Required to Be Stated in Reports" stipulated by the Ministry of Land, Infrastructure, Transport and Tourism of Japan.

Status of Valuer and Conflict of Interest

We confirm that we have sufficient current knowledge of the relevant markets, and the skills and understanding to undertake the valuations competently and independently. We also confirm that we have undertaken the valuations acting as an External Valuer, qualified for the valuation.

We certify that the valuer(s) who handled this valuation is competent, licensed and authorised to practice as a valuer. The valuer does not have a pecuniary interest, financial or otherwise, that could conflict with the proper valuation of the Property and is in a position to provide an objective and unbiased valuation.

CBRE is not aware of any conflict of interest which would prevent CBRE from undertaking this valuation engagement.

Reliance on this Letter

We have prepared this Letter which summarises our Valuation Reports and outlines key factors which have been considered in arriving at our opinion of value. CBRE has provided the addressees with a comprehensive Valuation Report for each Property.

The valuation and market information are not guarantee or predictions and must be read in consideration of the following:

- This Letter alone does not contain all the necessary data and support information in terms of the valuation, which is included within our Valuation Reports. To understand the complexity of the methodology and the many variables involved, reference must be made to the Valuation Reports, copies of which are held by the Manager.
- The conclusions within the Valuation Reports as to the estimated value are based upon the factual information set forth in that Valuation Reports. Whilst CBRE has endeavoured to assure the accuracy of the factual information, it has not independently verified all information provided by the Manager. (primarily the leases and financial information with respect to the Property) or the published information by the Government of Japan (primarily statistical information relating to market conditions).



- The primary methodologies used by CBRE in valuing the Property – the DCF Method and Direct Capitalization Method (Inwood Method for Building on sub-leased land (Fixed-term Land Lease Agreement)) – are based upon estimates of future financial performance and are not predictions. Each methodology begins with a set of assumptions as to income and expenses of the Property and future economic conditions in the local market. The income and expense figures are mathematically extended with adjustments for estimated changes in economic conditions. The resultant value is considered the best practice estimate but is not to be construed as a prediction or guarantee and is fully dependent upon the accuracy of the assumptions as to income, expenses, and market conditions.
- Each Valuation Report was undertaken based upon information available and provided to us during the valuation process. CBRE accepts no responsibility for subsequent changes in information as to income, expenses, or market conditions, subsequently to the valuation date.
- COVID-19 is continuing to impact market activity in most sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Our valuation is reported as being subject to 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Values may change more rapidly and significantly than during standard market conditions.

No reliance may be placed upon the contents of this Letter by any party for any purpose other than in connection with the Purpose of Valuation and only with reference to the Valuation Reports.

Property Descriptions

There are no pertinent factors and/ or parameters that have a significant impact on the value for all properties.

1. Hikari Heights Varus Ishiyama

Location:	3-33, Ishiyama 1-jo 3-chome, Minami-ku, Sapporo-shi, Hokkaido
Tenure of Property:	Freehold
Land Area:	4,413.25 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1:	8,746.98 sqm (as specified in the master lease agreement.)
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY5,500,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2021
Brief Description of Property and Neighborhood:	The subject property is a 9-storey nursing home with 117 rooms and is located 3,500 meters from the nearest station, Makomanai Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute ride to JR Sapporo Station. The subject neighborhood is a residential area comprising mid- to low-rise apartments and low-rise detached houses.

2. Hikari Heights Varus Tsukisamu Koen

Location:	5-1, Misono 9-jo 8-chome, Toyohira-ku, Sapporo-shi, Hokkaido
Tenure of Property:	Freehold
Land Area:	2,248.92 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1:	4,362.45 sqm (as specified in the master lease agreement.)
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY3,800,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022
Brief Description of Property and Neighborhood:	The subject property is a 10-storey nursing home with 58 rooms and located 450 meters southeast of Misono Station on the Sapporo Subway Tohou Line, and it takes about a ten-minute ride to JR Sapporo Station. The subject neighborhood is a mixed area comprising high-rise residential buildings and low-rise detached houses.

3. Hikari Heights Varus Fujino

Location:	10-11, Fujino 3-jo 11-chome, Minami-ku, Sapporo-shi, Hokkaido
Tenure of Property:	Freehold
Land Area:	7,239.05 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1:	9,781.80 sqm (as specified in the master lease agreement.)
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY8,600,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022

Brief Description of Property and Neighborhood: The subject property is a 13-storey nursing home with 139 rooms and is located 8,200 meters from the nearest station, Makomanai Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute to JR Sapporo Station. The subject neighborhood is a residential area comprising mid- to low-rise apartments and low-rise detached houses.

4. Hikari Heights Varus Kotoni

Location: 3-1, Nijuyonken 4-jo 1-chome, Nishi-ku, Sapporo-shi, Hokkaido

Tenure of Property: Freehold

Land Area: 11,032.94 sqm (as specified in the surveyed drawings.)

Building Area (NLA) *1: 20,756.44 sqm (as specified in the master lease agreement.)

Master Tenancy Details: Master Tenant: Hikari Heights-Varus Co., Ltd.
Monthly Rent: JPY27,000,000; Security Deposit: 6 months of rent
Lease term: April 25, 2013 to April 24, 2043
Non-cancellation period: Until April 24, 2022

Brief Description of Property and Neighborhood: The subject property is a 14-storey nursing home with 281 rooms and is located 500 meters southeast of Kotoni Station on the JR Hakodate Line, and it takes about a four-minute ride to JR Sapporo Station. The subject neighborhood is a mixed area comprising high-rise residential buildings and low- to mid-rise office buildings.

5. Hikari Heights Varus Makomanai Koen

Location: 1-1, Makomanai Midorimachi 1-chome, Minami-ku, Sapporo-shi, Hokkaido

Tenure of Property: Freehold

Land Area: 6,652.97 sqm (as specified in the surveyed drawings.)

Building Area (NLA) *1: 13,301.30 sqm (as specified in the master lease agreement.)

Master Tenancy Details: Master Tenant: Hikari Heights-Varus Co., Ltd.
Monthly Rent: JPY19,400,000; Security Deposit: 6 months of rent
Lease term: April 25, 2013 to April 24, 2043
Non-cancellation period: Until April 24, 2022

Brief Description of Property and Neighborhood: The subject property is a 10-storey nursing home with 161 rooms and located 1,000 meters from the nearest subway station, "Makomanai" Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute to JR Sapporo Station. It's a walkable distance but slightly far when we consider the user of the facility. The subject neighborhood is a residential area along with arterial road comprising mid- to low-rise apartments, low-rise detached houses and roadside retail stores.

6. Varus Cuore Yamanote

Location: 1-1, Yamanote 6-jo 2-chome, Nishi-ku, Sapporo-shi, Hokkaido

Tenure of Property: Freehold

Land Area: 1,667.86 sqm (as specified in the surveyed drawings.)

Building Area (NLA) *1: 2,807.83 sqm (as specified in the master lease agreement.)

Master Tenancy Details: Master Tenant: Hikari Heights-Varus Co., Ltd.
Monthly Rent: JPY4,800,000; Security Deposit: 6 months of rent
Lease term: April 25, 2013 to April 24, 2043
Non-cancellation period: Until April 24, 2023

Brief Description of Property and Neighborhood: The subject property is a 4-storey nursing home with 59 rooms and located 1,100 meters west of Kotoni Station on the Subway Tozai Line, and it takes about a 5-minute ride to reach Sapporo station
The subject neighborhood is a residential area which comprised of mid-rise condominium buildings and low-rise single-family dwellings.

7. Varus Cuore Sapporo-Kita & Annex

Location: 3-7, Tonden 8-jo 9-chome, Kita-ku, Sapporo-shi, Hokkaido
Tenure of Property: Freehold
Land Area: 5,269.35 sqm (as specified in the application for construction permission.)
Building Area (NLA) *1: Main: 5,213.32 sqm, Annex: 2,423.28 sqm
 Total of two buildings: 7,636.60 sqm (as specified in the master lease agreement.)
Master Tenancy Details: Master Tenant: Hikari Heights-Varus Co., Ltd.
 (Main)
 Monthly Rent: JPY7,904,762; Security Deposit: 6 months of rent
 Lease term: April 25, 2013 to April 24, 2043
 Non-cancellation period: Until April 24, 2022
 (Annex)
 Monthly Rent: JPY4,500,000; Security Deposit: 6 months of rent
 Lease term: September 30, 2014 to April 24, 2043
 Non-cancellation period: Until April 24, 2022

Brief Description of Property and Neighborhood: The subject property is a part 5-storey and part 3-storey nursing home with a total of 216 rooms and located 4,700 meters southeast of Azabu Station on the Subway Nanboku Line, and it takes about a 16-minute ride to reach JR Sapporo station.
The subject neighborhood is a mixed area which comprised of high-rise residential buildings and low-rise retail shops.

8. Elyson Gakuenmae

Location: 1994-6, Nakatomigaoka 1-chome, Nara-shi, Nara
Tenure of Property: Freehold
Land Area: 1,898.30 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1: 3,790.00 sqm (as specified in the master lease agreement.)
Master Tenancy Details: Master Tenant: K.K. Safety Life
 Monthly Rent: JPY6,992,000; Security Deposit: 4 months of rent
 Lease term: April 25, 2013 to April 24, 2043
 Non-cancellation period: Until April 24, 2023

Brief Description of Property and Neighborhood: The subject property is a 5-storey nursing home with 92 rooms and located approx. 1,100m south of Gakken Nara Tomigaoka station on the Kintetsu Keihanna Line.
The subject neighborhood is a quiet residential area consisting of detached houses and medium-rise condominiums.

9. Elyson Mamigaoka & Annex

Location: 1-19, Umami-minami 4-chome, Koryocho, Kitakatsuragi-gun, Nara
Tenure of Property: Freehold
Land Area: 6,997.21 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1: Mamigaoka: 7,455.01 sqm
 Annex: 2,803.84 sqm
 Total of two buildings: 10,258.85 sqm (as specified in the master lease agreement.)

Master Tenancy Details:	Master Tenant: K.K. Safety Life Monthly Rent: JPY11,220,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023
Brief Description of Property and Neighborhood:	The subject property is a part 5-storey, part 4-storey nursing home with a total of 160 rooms and is located approx. 1,500m northeast of Goido station on the Kintetsu Osaka Line. The subject neighborhood is a quiet residential area consisting of detached houses, medium-rise apartment and dormitories. Around the neighborhood, there are Mamigaoka New Town and Misasagi New Town, the exclusive residential districts with favorable living environment.

10. Orchard Amanohashidate

Location:	1060-1, Koaza Akaiwa, Aza Mannen, Miyazu-shi, Kyoto-fu
Tenure of Property:	Freehold
Land Area:	2,694.41 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1:	Nursing home: 2,221.84 sqm Day-service center: 705.30 sqm Total of the two buildings: 2,927.14 sqm (as specified in the master lease agreement.)
Master Tenancy Details:	Master Tenant: Orchard Care K.K. Monthly Rent: JPY4,560,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023
Brief Description of Property and Neighborhood:	The subject property is a part 3-storey, part 2-storey nursing home with a total of 60 rooms and is located approximately 1,400 meters southeast from Amanohashidate station on the Kyoto Tango Railway Miyazu Line. The Subject neighborhood consists of low-rise nursing home, cottage houses, and vacant land.

11. Orchard Kaichi North

Location:	3-50, Kaichi 2-chome, Matsumoto-shi, Nagano-ken
Tenure of Property:	Freehold
Land Area:	2,833.41 sqm (as specified in the surveyed drawings.)
Building Area (NLA) *1:	5,057.91 sqm (as specified in the master lease agreement.)
Master Tenancy Details:	Master Tenant: Orchard Care K.K. Monthly Rent: JPY6,550,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023
Brief Description of Property and Neighborhood:	The subject property is a 4-storey nursing home with 79 rooms, located at the central part of Matsumoto city, and is within walking distance to Matsumoto Castle. The subject neighborhood is approximately 1,350 m (road distance) from the nearest Kita-matsumoto Station on the JR Oito Line. Convenience by transportation is good. The area is a residential area consisting of low-rise detached houses, apartment buildings and nursing homes, etc.

12. Orchard Kaichi West

Location:	3-50, Kaichi 2-chome, Matsumoto-shi, Nagano-ken
Tenure of Property:	Freehold
Land Area:	796.98 sqm (as specified in the surveyed drawings.)

Building Area (NLA) *1:	1,561.49 sqm (as specified in the master lease agreement.)
Master Tenancy	Master Tenant: Orchard Care K.K.
Details:	Monthly Rent: JPY2,393,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023
Brief Description of Property and Neighborhood:	The subject property is a 4-storey nursing home with 29 rooms, located at the central part of Matsumoto city, and is within walking distance to Matsumoto Castle. The subject neighborhood is approximately 1,350 m (road distance) from the nearest Kita-matsumoto Station on the JR Oito Line. Convenience by transportation is good. The area is a residential area consisting of low-rise detached houses, apartment buildings and nursing homes, etc.

Note: *1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Rationale

In arriving at our opinion of value, we have considered relevant general and economic factors and in particular have investigated recent sales and leasing transactions of comparable properties that have occurred in this sector of the property market.

According to the Japanese Real Estate Appraisal Standards (“Appraisal Standards”), “basically, the final value should be determined based on the value indicated by the income approach (adopt the DCF Method and examine the result with the Direct Capitalization Method) and reconciled with values indicated by the sales comparison approach and cost approach.” Accordingly, our valuation process follows this instruction. Please note that due to difficulty in collecting sales comparables that substantially resemble the subject property, the sales comparison approach was not applied for this valuation.

In this valuation, considerable emphasis was placed on the value indicated by the income approach as this approach most effectively reflects the economic value of the subject property, and the value indicated by the cost approach was used as a reference. In the process, the following three factors were comprehensively analyzed and considered.

- i) Investor survey
- ii) Sales comparables
- iii) Interview with market participants

Cost Approach

Value indicated by cost approach is estimated as follows; firstly, estimating the reproduction cost of the subject property as of the date of value, and then the reproduction cost is adjusted with depreciation. The value indicated by the cost approach focuses on the cost of the subject property from a seller’s viewpoint. The value is a sum of the land value and building value. The land value was estimated by the sales comparison approach based on the actual transaction data, thus the indicated value is reliable. For the estimation of the building reproduction cost, the time adjustment is made reflecting the standard required period from the acquisition of the land to construction and completion of the building.

Direct Capitalization Method

The Direct Capitalization Method applies a capitalization rate directly to NCF generated over a single period. This method is represented by the following formula.

$$P = \frac{a}{R}$$

- P : Subject property value indicated by direct capitalization method
- a : NCF for a single period
- R : Capitalization rate

The NCF used in the Direct Capitalization Method may in some cases be the subject property's Year 1 NCF, and in other cases the standardized NCF. In this valuation, by paying attention to the current rent and other terms and conditions in the lease agreement, the NCF in Year 11 in the DCF Method is applied as the NCF in this valuation.

The standard capitalization rate estimated in the process of DCF Method is a capitalization rate for the standardized NCF. For the estimation of the capitalization rate of the subject property, the changes in cash flow from Year 1 to the stabilized year must be reflected.

In this valuation, the capitalization rate of the subject property is estimated based on the standard capitalization rate and taking into account the cash flow changes toward the stabilized NCF.

DCF Method

The DCF Method discounts the NCF generated over several consecutive periods and the reversionary value at the end of the holding period. The NCF is discounted to present value in accordance with the timing of the NCF. The discounted NCF is then added up. This method is represented by the following formula.

$$P = \sum_{k=1}^n \frac{a_k}{(1 + Y)^k} + \frac{P_R}{(1 + Y)^n}$$

- P : Subject property value indicated by income capitalization approach
- a_k : NCF for each period
- Y : Discount rate
- n : Holding period
- P_R : Reversionary value

The holding period in this estimation is determined as 10 years, comprehensively considering the actual holding period plan and typical holding period that investors usually use for analysis.

In accordance with the Appraisal Standards, the NCF of the subject property was estimated by calculating net operating income (NOI) (deducting operating expenses from operating income) and then adding interest on deposit to and deducting CAPEX from the NOI.

Reversionary value refers to the value of the subject property at the end of the holding period. In this valuation, the potential sales price at the end of the holding period is determined first, and then the required sales expenses are deducted from that price.

The discount rate is estimated taking into account the characteristics and feasibility of estimated cash flow, with particular notice given to the uncertainty not reflected in the estimated cash flow. In this estimation, the relation between the standard capitalization rate and the surveys used during the process was regarded as an important reference.

The terminal capitalization rate was estimated based on the standard capitalization rate and by taking into account attributes of the building such as remaining economic life and future uncertainty.

The DCF Method clearly specifies each year's NCF and the reversionary value, as well as the timing when they are generated. Accordingly, it is a persuasive method for the estimation of the value indicated by the income approach. In this valuation, NCF changes toward stabilization are appropriately projected with the current lease agreement, current market level, and future market conditions.

The Direct Capitalization Method applies a capitalization rate to the NCF generated over a single period. It reflects long-term stable profitability. The capitalization rate is estimated assuming future changes.

Taking into account the more accurate NCF changes in the DCF Method, the value indicated by the income approach was concluded placing weight on the DCF Method.

No.	Property Name	Capitalization Rate	Terminal Capitalization Rate	Discount Rate
1	Hikari Heights Varus Ishiyama	4.6%	4.7%	4.4%
2	Hikari Heights Varus Tsukisamu Koen	4.5%	4.6%	4.3%
3	Hikari Heights Varus Fujino	4.6%	4.7%	4.4%
4	Hikari Heights Varus Kotoni	4.3%	4.4%	4.1%
5	Hikari Heights Varus Makomanai Koen	4.3%	4.4%	4.1%
6	Varus Cuore Yamanote	4.5%	4.6%	4.3%
7	Varus Cuore Sapporo-Kita and Annex	4.4%	4.5%	4.2%
8	Elysion Gakuenmae	4.6%	4.7%	4.4%
9	Elysion Mamigaoka, Annex	4.7%	4.8%	4.5%
10	Orchard Amanohashidate	5.0%	5.1%	4.8%
11	Orchard Kaichi North	4.8%	4.9%	4.6%
12	Orchard Kaichi West	4.8%	4.9%	4.6%

Assessment of Value

We are of the opinion that the Market Value of the Properties, subject to the existing tenancies and occupational arrangements, is as follows:

No.	Property Name	Adopted Value
1	Hikari Heights Varus Ishiyama	853,000,000
2	Hikari Heights Varus Tsukisamu Koen	666,000,000
3	Hikari Heights Varus Fujino	1,640,000,000
4	Hikari Heights Varus Kotoni	6,470,000,000
5	Hikari Heights Varus Makomanai Koen	4,670,000,000
6	Varus Cuore Yamanote	1,070,000,000
7	Varus Cuore Sapporo-Kita and Annex	3,010,000,000
8	Elysion Gakuenmae	1,610,000,000
9	Elysion Mamigaoka, Annex	2,370,000,000
10	Orchard Amanohashidate	899,000,000
11	Orchard Kaichi North	1,340,000,000
12	Orchard Kaichi West	424,000,000

The Total Market Value of the Portfolio as at 29 October 2021 is JPY 25,022,000,000. (Twenty Five Billion, Twenty Two Million Japanese Yen)

The figure represents the aggregate of the individual values of the properties and should not be regarded as a valuation of the portfolio as a whole in the context of the sale as a single lot.

Assumptions, Disclaimers, Limitations & Qualifications

CBRE have prepared this Letter which appears in this Circular and, to the extent permitted by law (including the Securities and Futures Act, Chapter 289 of Singapore), specifically disclaim liability to any person in the event of any omission from or false or misleading statement included in the Circular, other than in respect of the information provided within the aforementioned Valuation Reports and this Letter. CBRE does not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by CBRE in this Letter.

CBRE has relied upon property data supplied by the Manager which we assume to be true and accurate. CBRE takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is our personal, unbiased professional analyses, opinions, and conclusions. CBRE and the respective valuers involved in the assignment have no present or prospective interest in the Property and have no personal interest or bias with respect to the parties involved.



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 (such as a lending proposal or sale negotiation).

We hereby certify that the valuers undertaking these valuations are authorized to practice as valuers and have at least 5 years of experience in valuing real properties in a similar industry and area as the real property in which the valuation is to be conducted.

None of the information in this Letter or our Valuation Reports constitutes advice as to the merits of entering into any form of transaction. Furthermore, none of the information in this Letter or our Valuation Reports constitutes financial product advice.

Neither this letter, nor the Valuation Reports purport to contain all the information that any interested party may require. They do not consider individual circumstances, financial situation, investment objectives or requirements. They are intended to be used as guide only and do not constitute advice including without any limitation, investment, tax, legal or any other type of advice. The valuations stated are only best estimates and are not to be construed as a guarantee. The material contained in this Letter and the Valuation Reports should not be relied upon as a statement or representation of fact without confirmation or satisfaction as to its correctness by independent investigation and review of the valuation reports to understand the assumptions and methodologies stated in the valuation.

This Letter and the Valuation Reports are strictly limited to the matters contained within those documents and are not to be read as extending, by implication or otherwise, to any other matter in the Prospectus. To the extent permitted by law, and as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation reports and/or this summary valuation letter, CBRE specifically disclaims any liability in respect of the use of or reliance on this Letter to any person in the event of any omission or false or misleading statement other than to the Manager and the Trustee as the Addressees, together with their respective successors and assigns, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the proposed listing and their respective successors and assigns. CBRE does not give any warranty or representation as to the accuracy of the information in any other part of the Prospectus.

Yours sincerely
CBRE K.K.

東京都千代田区丸の内二丁目1番1号

シービーアールイー株式会社

バリュエーション・アドバイザー&コンサルティング・サービス本部

エグゼクティブディレクター
部長 水谷 賀子

Shigeko Mizutani – Head

Valuation Advisory & Consulting Services

Appraiser's License No. 8798





Per: **Yasunobu Uehara**
Appraiser's License No. 9640
Associate Director - Valuation, Advisory & Consulting Services

Per: **Emi Yoshida**
Appraiser's License No. 9072
Associate Director - Valuation, Advisory & Consulting Services

Per: **Yuichiro Tanaka**
Appraiser's License No. 10115
Senior Valuer - Valuation, Advisory & Consulting Services

Per: **Masashi Ito**
Appraiser's License No. 10117
Valuer - Valuation, Advisory & Consulting Services

Encl.: Appendix 1 – Valuation Certificates

Appendix 1

VALUATION CERTIFICATE

Property:	Hikari Heights Varus Ishiyama	
Location:	3-33, Ishiyama 1-jo 3-chome, Minami-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the Trustee of First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	4,413.25 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	8,746.98 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY5,500,000; Security Deposit: JPY33,000,000 or 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2021 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	(Within 60m from the central line of the abutting northwest road) City Planning Area, Urbanization Area, Neighborhood Commercial District, Semi Fire Protection District, Area SCR: 80%, Area FAR: 200% (Over 60m from the central line of the abutting northwest road) City Planning Area, Urbanization Area Category 1 Residential District, Article 22 District, Area SCR: 60%, Area FAR: 200% →Subject SCR more than 60%, Subject FAR 200%	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Brief Description of Property and Neighborhood:	<p>The subject property is a 9-storey nursing home with 117 rooms and is located 3,500 meters from the nearest station, Makomanai Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute ride to JR Sapporo Station.</p> <p>The subject neighborhood is a residential area comprising mid- to low-rise apartments and low-rise detached houses.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) * Cost Approach</p> <p>* Detailed factors of the income approach are shown below. Capitalization Rate: 4.6%; Terminal Cap Rate: 4.7%; Discount Rate: 4.4%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	<p>JPY 853,000,000- (Japanese Yen Eight Hundred Fifty Three Million) JPY 97,519 per sqm of net rental area (Net rentable area 8,746.98 sqm)</p>
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

吉田 英美

Emi Yoshida
Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9072)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Hikari Heights Varus Tsukisamu Koen	
Location:	5-1, Misono 9-jo 8-chome, Toyohira-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	2,248.92 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	4,362.45 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY3,800,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Exclusive District for Medium and High-rise Residential Buildings, Article 22 District, Area SCR: 60%, Subject SCR: 70% *Due to fire proof building (+10%) Area FAR: 200%, Subject FAR: 200%, Landscape Design District	
Brief Description of Property and Neighborhood:	The subject property is a 10-storey nursing home with 58 rooms and located 450 meters southeast of Misono Station on the Sapporo Subway Tohou Line, and it takes about a ten-minute ride to JR Sapporo Station. The subject neighborhood is a mixed area comprising high-rise residential buildings and low-rise detached houses.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Approaches: Income Approach (DCF Method and Direct Capitalization Approach) *
Cost Approach
* Detailed factors of the income approach are shown below.
Capitalization Rate: 4.5%; Terminal Cap Rate: 4.6%; Discount Rate: 4.3%

Date of Valuation: October 29, 2021

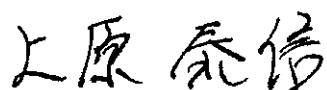
Market Value *2: JPY 666,000,000- (Japanese Yen Six Hundred Sixty-Six Million)
JPY 152,667 per sqm of net rental area (Net rentable area 4,362.45 sqm)

Assumption, Disclaimers, Limitation & Qualifications: The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.

The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

For a more detailed disclaimer, please refer to the content of the real estate appraisal report.

Prepared by: CBRE K.K.



Yasunobu Uehara
Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9640)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Hikari Heights Varus Fujino	
Location:	10-11, Fujino 3-jo 11-chome, Minami-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the Trustee of First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	7,239.05 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	9,781.80 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY8,600,000; Security Deposit: JPY51,600,000 or 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	(Within 60m from the central line of the abutting north road) City Planning Area, Urbanization Area Category 1 Residential District, Article 22 District, Area SCR: 60%, Area FAR: 200% (Over 60m from the central line of the abutting north road) City Planning Area, Urbanization Area Category 1 Exclusive District for Low-rise Residential Buildings, Article 22 District, Area SCR: 40%, Area FAR: 80% →Subject SCR 50.77%, Subject FAR 135.41% * Estimated by area weighted average since the subject site is in two different zoning above.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.


Brief Description of Property and Neighborhood:	<p>The subject property is a 13-storey nursing home with 139 rooms and is located 8,200 meters from the nearest station, Makomanai Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute to JR Sapporo Station.</p> <p>The subject neighborhood is a residential area comprising mid- to low-rise apartments and low-rise detached houses.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) * Cost Approach</p> <p>* Detailed factors of the income approach are shown below. Capitalization Rate: 4.6%; Terminal Cap Rate: 4.7%; Discount Rate: 4.4%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 1,640,000,000- (Japanese Yen One Billion Six Hundred Forty Million) JPY 167,658 per sqm of net rental area (Net rentable area 9,781.80 sqm)
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

吉田 英美

Emi Yoshida
Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9072)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Hikari Heights Varus Kotoni	
Location:	3-1, Nijuyonken 4-jo 1-chome, Nishi-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by the Trustee of First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	11,032.94 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	20,756.44 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY27,000,000; Security Deposit: JPY162,000,000 or 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Semi-industrial District, Article 22 District, Area SCR: 60%, Area FAR: 200% Subject SCR: 60%, Subject FAR: 200% 33m-height Regulation District, Nijuyonken North District Land Readjustment Area, Special Zoning District, Scenery Planning District, Ratio of Tree Planting:20%	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.


Brief Description of Property and Neighborhood:	<p>The subject property is a 14-storey nursing home with 281 rooms and is located 500 meters southeast of Kotoni Station on the JR Hakodate Line, and it takes about a four-minute ride to JR Sapporo Station.</p> <p>The subject neighborhood is a mixed area comprising high-rise residential buildings and low- to mid-rise office buildings.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) * Cost Approach</p> <p>* Detailed factors of the income approach are shown below. Capitalization Rate: 4.3%; Terminal Cap Rate: 4.4%; Discount Rate: 4.1%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 6,470,000,000- (Japanese Yen Six Billion Four Hundred seventy Million) JPY 311,710 per sqm of net rental area (Net rentable area 20,756.44sqm)
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

吉田 英美

Emi Yoshida
Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9072)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Hikari Heights Varus Makomanai Koen	
Location:	1-1, Makomanai Midorimachi 1-chome, Minami-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	6,652.97 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	13,301.30 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY19,400,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 2 Exclusive District for Medium and High-rise Residential Buildings, Article 22 District, Area SCR: 60%, Subject SCR: 70% *Due to corner lot deregulation (+10%) Area FAR: 200%, Subject FAR: 200%, 27m-height district	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Brief Description of Property and Neighborhood:	<p>The subject property is a 10-storey nursing home with 161 rooms and located 1,000 meters from the nearest subway station, "Makomanai" Station on the Sapporo city subway Namboku Line, and it takes about a 12-minute to JR Sapporo Station. It's a walkable distance but slightly far when we consider the user of the facility.</p> <p>The subject neighborhood is a residential area along with arterial road comprising mid-to low-rise apartments, low-rise detached houses and roadside retail stores.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) *</p> <p>Cost Approach</p> <p>* Detailed factors of the income approach are shown below.</p> <p>Capitalization Rate: 4.3%; Terminal Cap Rate: 4.4%; Discount Rate: 4.1%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	<p>JPY 4,670,000,000- (Japanese Yen Four Billion Six Hundred Seventy Million)</p> <p>JPY 351,094 per sqm of net rental area (Net rentable area 13,301.30 sqm)</p>
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

上原 泰信

Yasunobu Uehara
 Associate Director, Valuation Advisory & Consulting Services
 Licensed Real Estate Appraiser (License No. 9640)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Varus Cuore Yamanote	
Location:	1-1, Yamanote 6-jo 2-chome, Nishi-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	1,667.86 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	2,807.83 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. Monthly Rent: JPY4,800,000; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Exclusive District for Medium and High-rise Residential Buildings Article 22 District, Area SCR: 60%, Subject SCR: 70% *Corner lot deregulation (+10%), Area FAR: 200%, Subject FAR: 200% 27m-height regulation district, Miyanomori Yamanote Kita area Land Readjustment Area, Ratio of Tree Planting as 20% of the site area	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Brief Description of Property and Neighborhood:	<p>The subject property is a 4-storey nursing home with 59 rooms and located 1,100 meters west of Kotoni Station on the Subway Tozai Line, and it takes about a 5-minute ride to reach Sapporo station</p> <p>The subject neighborhood is a residential area which comprised of mid-rise condominium buildings and low-rise single-family dwellings.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) *</p> <p>Cost Approach</p> <p>* Detailed factors of the income approach are shown below.</p> <p>Capitalization Rate: 4.5%; Terminal Cap Rate: 4.6%; Discount Rate: 4.3%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 1,070,000,000- (Japanese Yen One Billion Seventy Million) JPY 381,077 per sqm of net rental area (Net rentable area 2,807.83 sqm)
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

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Yasunobu Uehara
Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9640)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Varus Cuore Sapporo-Kita and Annex	
Location:	3-7, Tonden 8-jo 9-chome, Kita-ku, Sapporo-shi, Hokkaido	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	5,269.35 sqm (as specified in the application for construction permission.)	
Building Area (NLA) *1:	Main: 5,213.32 sqm, Annex: 2,423.28 sqm Total of two buildings: 7,636.60 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Hikari Heights-Varus Co., Ltd. (Main) Monthly Rent: JPY7,904,762; Security Deposit: 6 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2022 (Annex) Monthly Rent: JPY4,500,000; Security Deposit: 6 months of rent Lease term: September 30, 2014 to April 24, 2043 Non-cancellation period: Until April 24, 2022 (Main and Annex) Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Zoning:	City Planning Area, Urbanization Area, Category 1 Residential District, Article 22 District, Area SCR: 60%, Subject SCR: 70% *Due to corner lot deregulation (+10%), Area FAR: 200%, Subject FAR: 200% 18m-height Regulation District, Tonden Chubu District Planning District, Scenery Planning District, Ratio of Tree Planting as 20% of the site area
Brief Description of Property and Neighborhood:	The subject property is a part 5-storey and part 3-storey nursing home with a total of 216 rooms and located 4,700 meters southeast of Azabu Station on the Subway Nanboku Line, and it takes about a 16-minute ride to reach JR Sapporo station. The subject neighborhood is a mixed area which comprised of high-rise residential buildings and low-rise retail shops.
Valuation Approaches:	Income Approach (DCF Method and Direct Capitalization Approach) *, Cost Approach * Detailed factors of the income approach are shown below. Capitalization Rate: 4.4%; Terminal Cap Rate: 4.5%; Discount Rate: 4.2%
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 3,010,000,000- (Japanese Yen Three Billion Ten Million) JPY 394,154 per sqm of net rental area (Net rentable area 7,636.60 sqm in total)
Assumption, Disclaimers, Limitation & Qualifications:	The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose. The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. For a more detailed disclaimer, please refer to the content of the real estate appraisal report.
Prepared by:	CBRE K.K.

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Yasunobu Uehara, Associate Director, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 9640)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	ElySION Gakuenmae	
Location:	1994-6, Nakatomigaoka 1-chome, Nara-shi, Nara	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	1,898.30 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	3,790.00 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: K.K. Safety Life Monthly Rent: JPY6,992,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Exclusive District for Medium and High-rise Residential Buildings, Article 22 District, Area SCR: 60%, Subject SCR: 60%, Area FAR: 200%, Subject FAR: 200% Height Restriction Area (up to 15m), Housing Development Construction Regulated Area	
Brief Description of Property and Neighborhood:	The subject property is a 5-storey nursing home with 92 rooms and located approx. 1,100m south of Gakken Nara Tomigaoka station on the Kintetsu Keihanna Line. The subject neighborhood is a quiet residential area consisting of detached houses and medium-rise condominiums.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Approaches: Income Approach (DCF Method and Direct Capitalization Approach) *
Cost Approach
* Detailed factors of the income approach are shown below.
Capitalization Rate: 4.6%; Terminal Cap Rate: 4.7%; Discount Rate: 4.4%

Date of Valuation: October 29, 2021

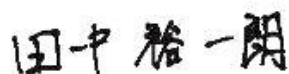
Market Value *2: JPY 1,610,000,000- (Japanese Yen One Billion Six Hundred Ten Million)
JPY 424,802 per sqm of net rental area (Net rentable area 3,790.00 sqm)

**Assumption,
Disclaimers, Limitation
& Qualifications:** The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.

The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

For a more detailed disclaimer, please refer to the content of the real estate appraisal report.

Prepared by: CBRE K.K.



Yuichiro Tanaka
Senior Valuer, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 10105)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	ElySION Mamigaoka and Annex	
Location:	1-19, Umami-minami 4-chome, Koryochō, Kitakatsuragi-gun, Nara	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	6,997.21 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	Mamigaoka: 7,455.01 sqm Annex: 2,803.84 sqm Total of two buildings: 10,258.85 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: K.K. Safety Life Monthly Rent: JPY11,220,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Exclusive District for Medium and High-rise Residential Buildings, Article 22 District, Area SCR: 50%, Subject SCR: 50%, Area FAR: 150%, Subject FAR: 150%, Height Restriction Area (up to 15m), Housing Development Construction Regulated Area, Umami 4-chome District Planning	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Brief Description of Property and Neighborhood:	<p>The subject property is a part 5-storey, part 4-storey nursing home with a total of 160 rooms and is located approx. 1,500m northeast of Goido station on the Kintetsu Osaka Line.</p> <p>The subject neighborhood is a quiet residential area consisting of detached houses, medium-rise apartment and dormitories. Around the neighborhood, there are Mamigaoka New Town and Misasagi New Town, the exclusive residential districts with favorable living environment.</p>
Valuation Approaches:	<p>Income Approach (DCF Method and Direct Capitalization Approach) * Cost Approach</p> <p>* Detailed factors of the income approach are shown below. Capitalization Rate: 4.7%; Terminal Cap Rate: 4.8%; Discount Rate: 4.5%</p>
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 2,370,000,000- (Japanese Yen Two Billion Three Hundred Seventy Million) JPY 231,020 per sqm of net rental area (Net rentable area 10,258.85 sqm)
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.

田中 裕一朗

Yuichiro Tanaka
Senior Valuer, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 10105)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Orchard Amanohashidate	
Location:	1060-1, Koaza Akaiwa, Aza Mannen, Miyazu-shi, Kyoto-fu	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	2,694.41 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	Nursing home: 2,221.84 sqm Day-service center: 705.30 sqm Total of the two buildings: 2,927.14 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Orchard Care K.K. Monthly Rent: JPY4,560,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area (no urbanization policy decided) Use zoning not specified, Article 22 District, Area SCR: 60%, Subject SCR: 60%, Area FAR: 200%, Subject FAR: 200%	
Brief Description of Property and Neighborhood:	The subject property is a part 3-storey, part 2-storey nursing home with a total of 60 rooms and is located approximately 1,400 meters southeast from Amanohashidate station on the Kyoto Tango Railway Miyazu Line. The Subject neighborhood consists of low-rise nursing home, cottage houses, and vacant land.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Approaches: Income Approach (DCF Method and Direct Capitalization Approach) *
Cost Approach
* Detailed factors of the income approach are shown below.
Capitalization Rate: 5.0%; Terminal Cap Rate: 5.1%; Discount Rate: 4.8%

Date of Valuation: October 29, 2021

Market Value *2: JPY 899,000,000- (Japanese Yen Eight Hundred Ninety-nine Million)
JPY 307,126 per sqm of net rental area (Net rentable area 2,927.14 sqm)

Assumption, Disclaimers, Limitation & Qualifications: The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.

The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

For a more detailed disclaimer, please refer to the content of the real estate appraisal report.


Prepared by: CBRE K.K.

田中 裕一朗


Yuichiro Tanaka
Senior Valuer, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 10105)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Orchard Kaichi North	
Location:	3-50, Kaichi 2-chome, Matsumoto-shi, Nagano-ken	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	2,833.41 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	5,057.91 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Orchard Care K.K. Monthly Rent: JPY6,550,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Residential District, Semi Fire Protection District, Area SCR: 60%, Subject SCR: 60%, Area FAR: 200%, Subject FAR: 200%, Sun shade restriction (4m, 4h – 2.5h)	
Brief Description of Property and Neighborhood:	The subject property is a 4-storey nursing home with 79 rooms, located at the central part of Matsumoto city, and is within walking distance to Matsumoto Castle. The subject neighborhood is approximately 1,350 m (road distance) from the nearest Kita-matsumoto Station on the JR Oito Line. Convenience by transportation is good. The area is a residential area consisting of low-rise detached houses, apartment buildings and nursing homes, etc.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Approaches:	Income Approach (DCF Method and Direct Capitalization Approach) * Cost Approach * Detailed factors of the income approach are shown below. Capitalization Rate: 4.8%; Terminal Cap Rate: 4.9%; Discount Rate: 4.6%
Date of Valuation:	October 29, 2021
Market Value *2:	JPY 1,340,000,000- (Japanese Yen One Billion Three Hundred Forty Million) JPY 264,932 per sqm of net rental area (Net rentable area 5,057.91 sqm)
Assumption, Disclaimers, Limitation & Qualifications:	<p>The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.</p> <p>The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.</p> <p>For a more detailed disclaimer, please refer to the content of the real estate appraisal report.</p>
Prepared by:	CBRE K.K.  Masashi Ito Valuer, Valuation Advisory & Consulting Services Licensed Real Estate Appraiser (License No. 10117)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

VALUATION CERTIFICATE

Property:	Orchard Kaichi West	
Location:	3-50, Kaichi 2-chome, Matsumoto-shi, Nagano-ken	
Client:	First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (the "Manager")	
Tenure of Property:	Freehold	
Interest to be Valued:	Fee Simple Note: Fee Simple = Freehold	
Basis of Valuation:	Market Value on an As-Is basis	
Purpose of Valuation:	To provide opinion on the market value of the Property as at the material date of valuation for the purpose of acquisition by First Real Estate Investment Trust.	
Registered Owner:	Land: OUELH Japan First Tokutei Mokuteki Kaisha* Building: OUELH Japan First Tokutei Mokuteki Kaisha* <i>* OUELH Japan First TMK was previously known as IHC Japan First Tokutei Mokuteki Kaisha.</i>	
Land Area:	796.98 sqm (as specified in the surveyed drawings.)	
Building Area (NLA) *1:	1,561.49 sqm (as specified in the master lease agreement.)	
Master Tenancy Details:	Master Tenant: Orchard Care K.K. Monthly Rent: JPY2,393,000; Security Deposit: 4 months of rent Lease term: April 25, 2013 to April 24, 2043 Non-cancellation period: Until April 24, 2023 Lease renewal: If there are no intention to cancel the agreement by 6-month-notice from neither the lessor nor the lessee upon the lease expiry date, the term of lease shall be renewed for a period of 5 years on the same conditions, and the same shall apply thereafter.	
Zoning:	City Planning Area, Urbanization Area Category 1 Residential District, Semi Fire Protection District, Area SCR: 60%, Subject SCR: 70% * Due to corner lot deregulation (+10%) Area FAR: 200%, Subject FAR: 200%, Sun shade restriction (4m, 4h – 2.5h)	
Brief Description of Property and Neighborhood:	The subject property is a 4-storey nursing home with 29 rooms, located at the central part of Matsumoto city, and is within walking distance to Matsumoto Castle. The subject neighborhood is approximately 1,350 m (road distance) from the nearest Kita-matsumoto Station on the JR Oito Line. Convenience by transportation is good. The area is a residential area consisting of low-rise detached houses, apartment buildings and nursing homes, etc.	

*1 As the Property is master leased to one single master tenant, the gross floor area (GFA) and the net lettable area (NLA) are generally the same.

Valuation Approaches: Income Approach (DCF Method and Direct Capitalization Approach) *
Cost Approach
* Detailed factors of the income approach are shown below.
Capitalization Rate: 4.8%; Terminal Cap Rate: 4.9%; Discount Rate: 4.6%

Date of Valuation: October 29, 2021

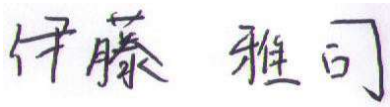
Market Value *2: JPY 424,000,000- (Japanese Yen Four Hundred Twenty-Four Million)
JPY 271,536 per sqm of net rental area (Net rentable area 1,561.49 sqm)

**Assumption,
Disclaimers, Limitation
& Qualifications:** The above value fully follows the appraisal guidelines set forth by the Japanese Real Estate Appraisal Standards. Save as provided in the agreement engaging CBRE K.K. to provide their opinion on the Market Value, within the full valuation report and/ or this appraisal certificate, the certificate is for the use only of the party to whom it is addressed and for no other purpose.

The Manager and the Trustee as addressees of the valuation report and this appraisal certificate will, together with their respective successors and assigns, be entitled to rely on the valuation, and in addition, the underwriters appointed by the Manager and the Trustee in connection with the acquisition and their respective successors and assigns will be entitled to rely on the valuation. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

For a more detailed disclaimer, please refer to the content of the real estate appraisal report.

Prepared by: CBRE K.K.



Masashi Ito
Valuer, Valuation Advisory & Consulting Services
Licensed Real Estate Appraiser (License No. 10117)

*2 This value is exclusive of consumption tax. And net rentable area is the same as the net lettable area.

INDEPENDENT MARKET RESEARCH REPORT

INDEPENDENT MARKET RESEARCH ON
JAPAN HEALTHCARE MARKET

6 December 2021

1 Japan Healthcare Market Overview

Japan is aging rapidly, and the elderly population is 36.4 million and the aging rate¹ is 29.1% as of 15 September, 2021 and predicted to hit 35.3% in 2040, making it the first “super-aged” nation in the world. As such, it is projected that the number of users of healthcare facilities will continue to rise for the foreseeable future. Japan’s population is aging more rapidly than any other country, with the longest average life expectancy of 85 years. (Refer to Table 1.4)

Historically, nursing homes were operated mainly by public institutions as Designated Facility Covered by Public Aid Providing Long-Term Care to the Elderly. Private nursing homes, Fee-based Homes for the Elderly², were started to be developed after the Guideline for Nursing Home Development and Management in 1974. The amendments to the Act on Social Welfare for the Elderly in 1990 clarified the national/local governments’ roles in guiding and regulating the operation of nursing homes, which raised the social recognition of the facilities and helped them achieve a market position as a social welfare facility. Most of these private nursing homes were for the high-end users, requiring one-time admission fees of tens of millions of yen, targeting the high-end users. However, with the Long-Term Care Insurance System (“LTCI”) implemented in 2000, the elderly people who need long-term care can use care services through reimbursements from the insurance system regardless of their income levels. At the same time, nursing homes, which can be developed and operated in a form of profit corporation, are licensed as facilities that also qualify for the LTCI benefits. This shift encourages an expansion in nursing homes in the private sector.

Demand: Japan’s population is now aging faster than any other country, and the proportion of people over the age of 65 is expected to reach around 30% by 2025. The number of people certified as requiring long-term care is rising with the rise in the elderly population as well as life expectancy which is expected to reach 86.5 years old by 2040. This trend is predicted to continue until around 2040, when the elderly population will start to fall.

Supply: Fee-based Homes for the Elderly has increased 213% between 2009 and 2019. Occupant rate³ for Fee-based Homes for the Elderly has increased from 74% in 2002, to 87% in 2019. On the other hand, Designated Facility Covered by Public Aid Providing Long-term Care to the Elderly has only grown 37% with an increasing reliance on private facilities. Nevertheless, in 2019, approximately 292 thousand elderly are on the long waiting lists for placements in Designated Facility Covered by Public Aid Providing Long-term Care to the Elderly. This is partly due to labour shortage and government restrictions on building more elder care public facilities. Government regulations are also restricting the building of new facilities; given the Government financial restrictions to build more public facilities, high-performing private facilities are increasingly critical. The Ministry of Health, Labor and Welfare predicts that there will be a shortage of 320,000 workers by 2025; this is putting a limit on growth in supply of nursing homes too.

Structure of Households Changing: Household sizes are shrinking, and a larger proportion of senior citizen are living alone. In 1986, the percentage of one-person households was about 18.2%, but it increased to 28.8% in 2019, while the percentage of three-generation households decreased from 15.3% to 5.1% during the same period. The number of elderly aged 65 and over living alone is on the rise for both men and women.

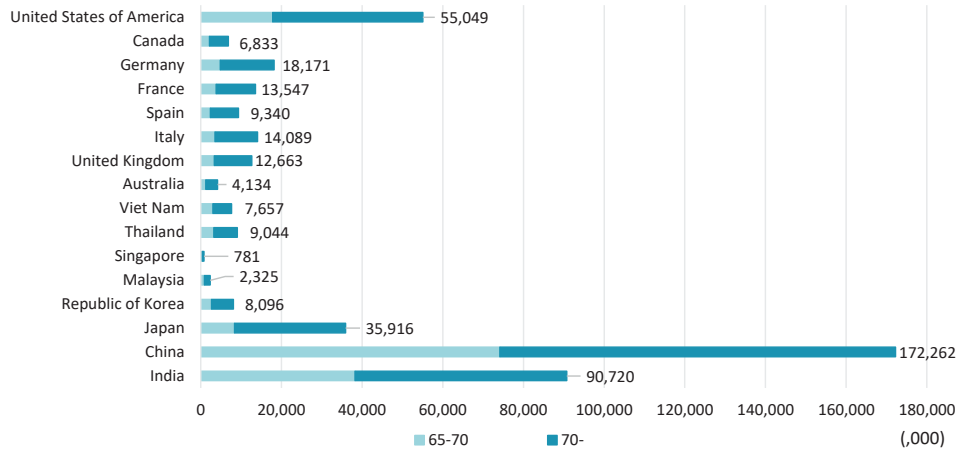
¹ Aging rate: Ratio of 65 years of age and more.

² Fee-based Homes for the Elderly is defined as a type of facility to provide services for taking in elderly persons and providing them with nursing care services such as bathing, excretion, meals, etc. and any other services as stipulated by Act on Social Welfare for the Elderly.

³ Occupant rate is the ratio of the number of residents to the maximum capacity. Room occupancy rate is the ratio of the occupied rooms.

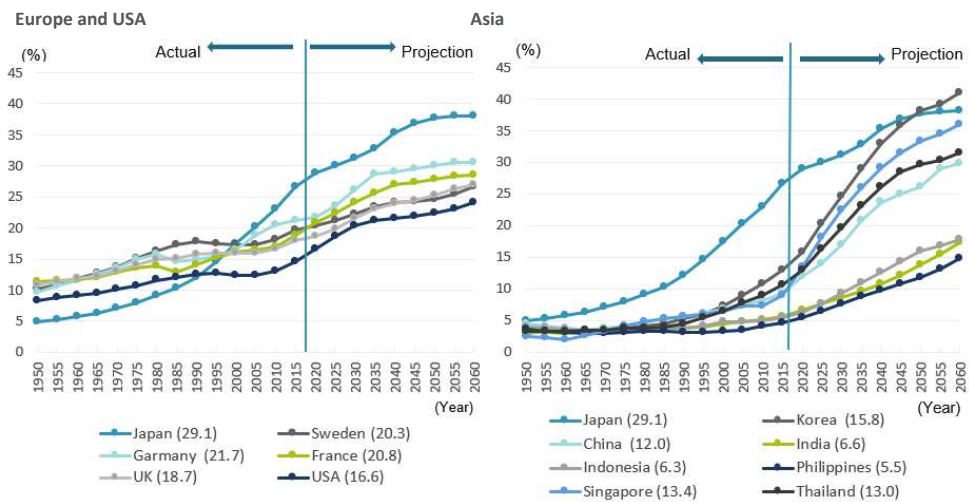
In 2015, there were approximately 1.92 million males and 4 million females living alone, accounting for 13.3% and 21.1% of each elderly population, respectively. The number of elderly people living alone is expected to increase by 13% from 2020 to 2030 and by 28% from 2020 to 2040. The ratio of the elderly people living alone is 19.4% in 2020 and expected to be 21.4% in 2030 and 22.9% in 2040.

Table 1.1 Elderly population (2020 estimates)



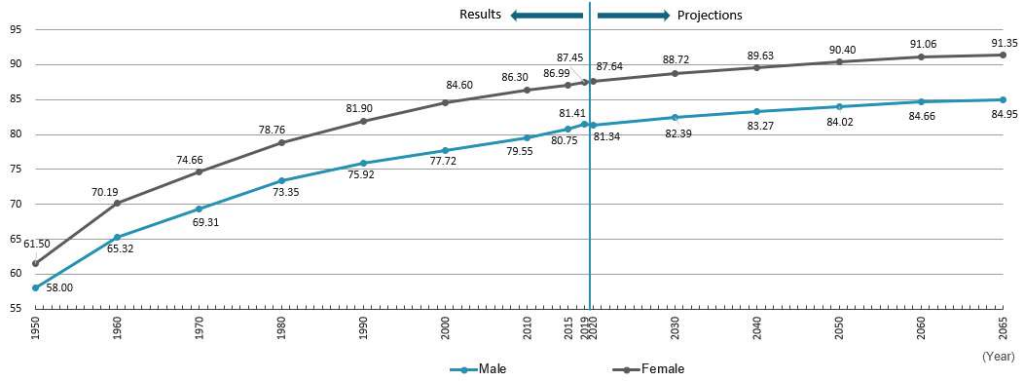
Source: UN, World Population Prospects 2019, Estimates 2020

Table 1.2 Trends of world's aging rate



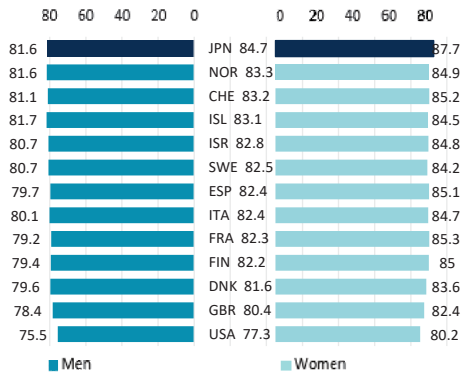
Source: UN, World Population Prospects 2019 (2020 and after is estimated) The Statistics of Elderly issued in 2021 by Ministry of Internal Affairs and Communications. Compiled by C&W

Table 1.3 Average Life Span



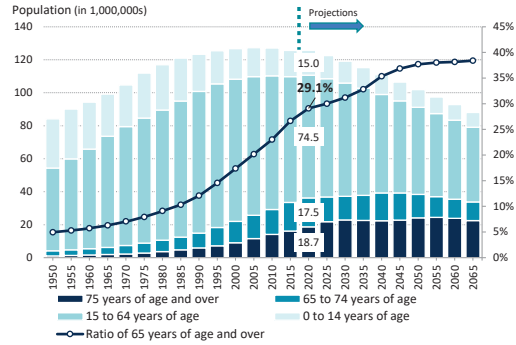
Source: Ministry of Health, Labor and Welfare (Results)
National Institute of Population and Social Security Research (Projections)

Table 1.4 Life expectancy at birth, 2020 or latest available



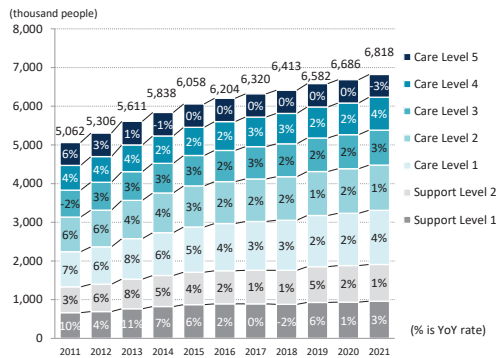
Source: Life expectancy at birth 2020, Health Status by OECD

Table 1.5 Trends in Japan's aging population and forecast



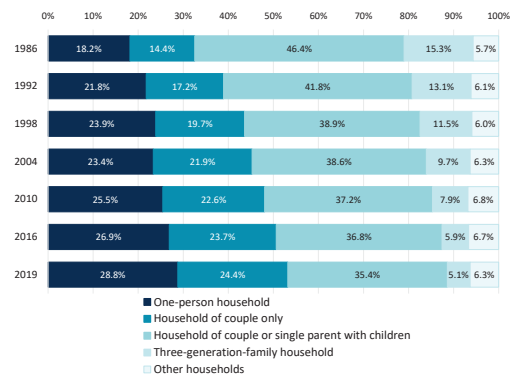
Source: Aging Society White Paper 2021 by the Cabinet Office, Government, Statistics show that the elderly in Japan dated 19 September 2021 by the Statistics Bureau of Japan

Table 1.6 Trends of number of people certified as persons requiring care/support



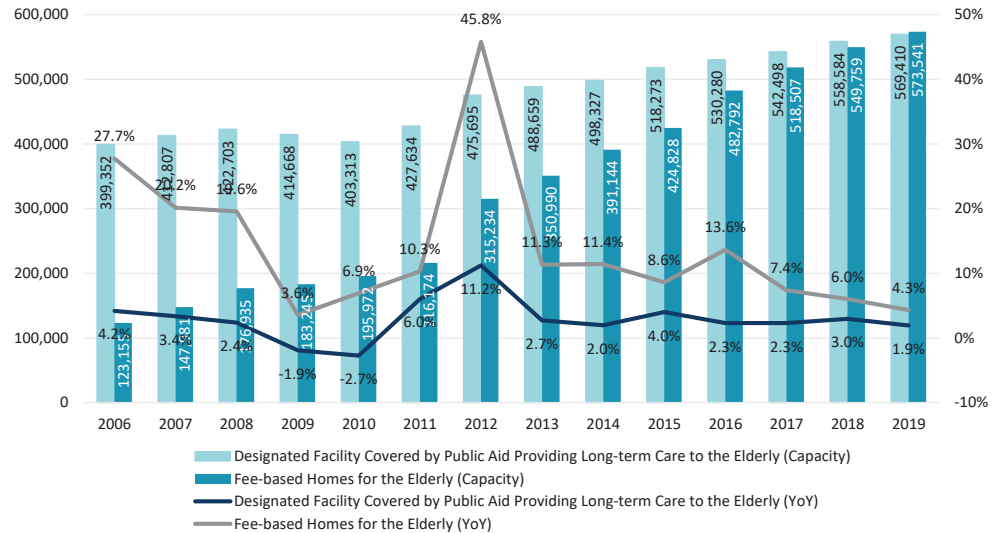
Source: The report of the long-term care insurance system The Ministry of Health, Labour and Welfare, March 31 of each year

Table 1.7 Trends in percent distribution of households by structure of household



Source: Comprehensive Survey of Living Conditions 2019 issued by Ministry of Health, Labor and Welfare

Table 1.8 Capacity trend of senior housing facilities with long-time nursing care (1 October)

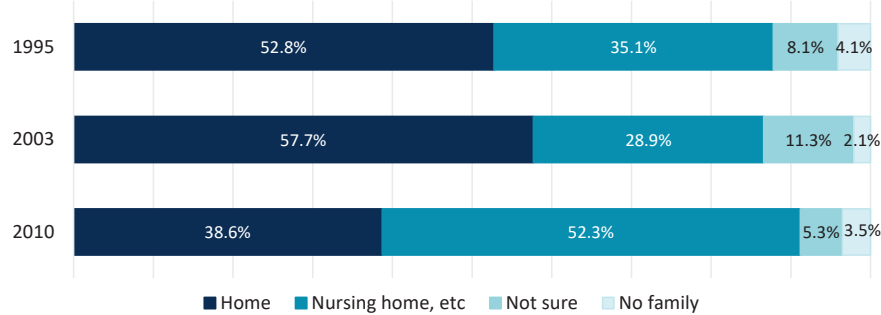


Source: Survey of Social Welfare Institutions issued by Ministry of Health, Labor and Welfare
(Survey of nursing care service facilities and business 2019)

Stigma Attached to Placing Relatives in a Nursing Home: The idea of sending elderly parents to nursing homes is an event that makes people feel guilty somewhat. This is rooted in the legacy of paternalistic and familial nationalism, traditional values of filial piety, and the stigma associated with institutionalization and public welfare. The difficulties of family caregiving have been shared by society, and information about a variety of services, supports, and options has become more accessible. The difficulties of family caregiving: 1) the declining birth-rate, increasing number of nuclear families, increasing number of single-person households of the elderly, and children not often living in the same region. All these realities make it difficult for families to realistically care for their parents by themselves. 2) the house is too small for living together and the structure of the house does not make it easy to care for the elderly, 3) hiring domestic workers from abroad to take care of the elderly is not yet common in Japan. It is not even common to hire a housekeeper or a babysitter, and ad hoc labor service is expensive. Expectations for the future have also changed since living with children is no longer so popular. In 1983, 55.6% of respondents indicated that they would like to live with or on the same property as their children when they are elderly, but in the most recent survey in 2018, the percentage had dropped to 18.6%.

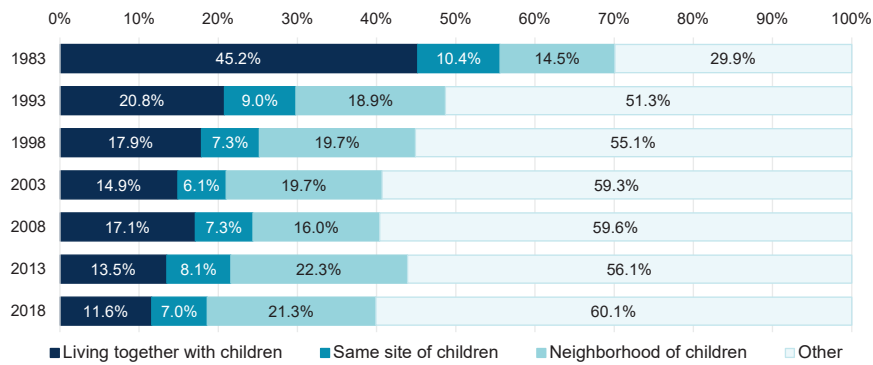
With the implement of LTCI and changes in the composition of households due to the declining birth-rate and aging population, nursing homes and long-term care services in Japan are now considered an essential service in the later stages of a person's life. The Japanese society has come to welcome the availability of elderly support facilities after the Japanese government introduced LTCI more than 20 years ago which available to the elderly people who need long-term care services regardless of income levels. The initial generous support from the government resulted in healthy public support of the LTCI and was effective in removing much of the stigma associated with using the services on offer.

Table 1.9 Places where people want their families to receive care



Source: Public-opinion Poll by Cabinet Office

Table 1.10 Places where people want to live when you are elderly (distance from their children)

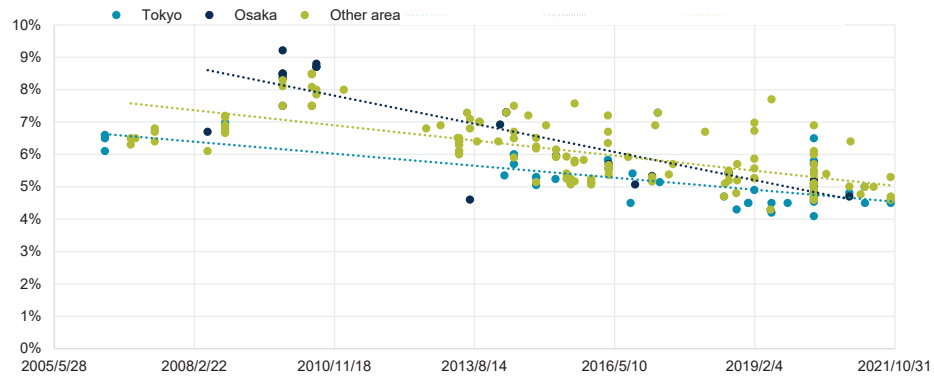


Source: Comprehensive Survey on Housing and Living Conditions by the Ministry of Land, Infrastructure, Transport and Tourism

Business Characteristics: Many facilities are leased to single tenant each. The contract has a long lease period of 20 to 30 years, and the rent is fixed, so owner’s cash flow is stable in the long term. On the other hand, the operator’s income is partially dependent on the public fund (national, prefectural, and municipal). As such, a change in the Japanese government’s LTCI system may cause fluctuations in the amount of public fund for the operator.

Investment Market: There is a limited number of properties available for sale in the market. Operators tend to be small and dispersed so quality assets suitable for institutional investment remain limited. Limited opportunities have reduced cap rates to tight levels.

Table 1.11 Trend of capitalization rate



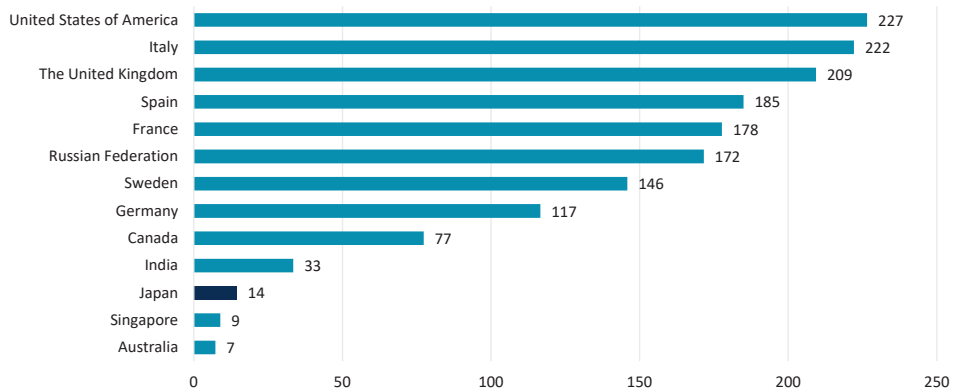
Source: Real Capital Analytics, Compiled by C&W, Data includes appraisal cap rate

Impact of COVID-19: The way in which countries have been coping with COVID-19 pandemic, in terms of the number of cases and deaths due to the pandemic, is a testament to the quality and standards of a country's healthcare system. In this regard, Japan can be said to have coped rather well as evidenced by the following diagrams.

The nursing care industry was affected by the COVID-19 pandemic and faced a difficult environment due to self-restraint in sales activities, postponement of move-in dates, and increased costs for infection control. The financial data of the major operators shows that sales and profits for the latest fiscal year are positive for the majority of companies, and many facilities have maintained high occupancy rates due to stringent infection control measures.

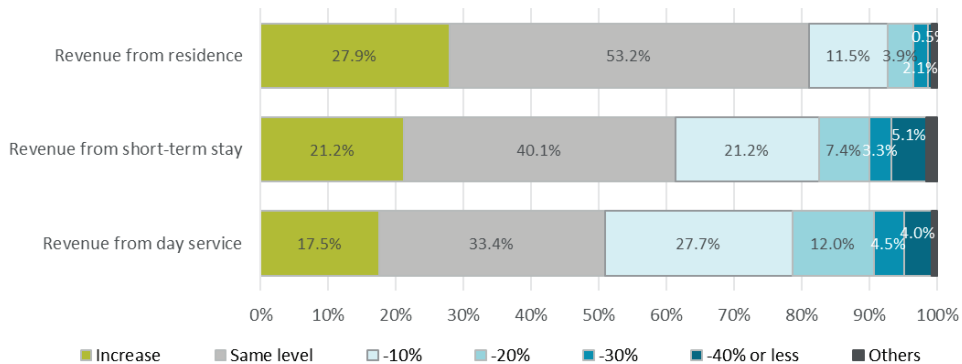
According to the Welfare and Medical Service Agency (WAM), in a questionnaire survey of 434 social welfare corporations operating special nursing homes, for the period from April 2020 to March 2021, although sluggishness in the short-stay and day service businesses had a negative impact on earnings, revenue from facility residence was stable at many facilities, with 81% of facilities experiences either revenue growth or same level of revenue.

Table 1.12 COVID-19 Deaths - cumulative total per 100,000 population



Source: WHO Health Emergency Dashboard, data downloaded on 11 Nov 2021

Table 1.13 Percentage of facilities with YoY change in profit from April 2020 to March 2021

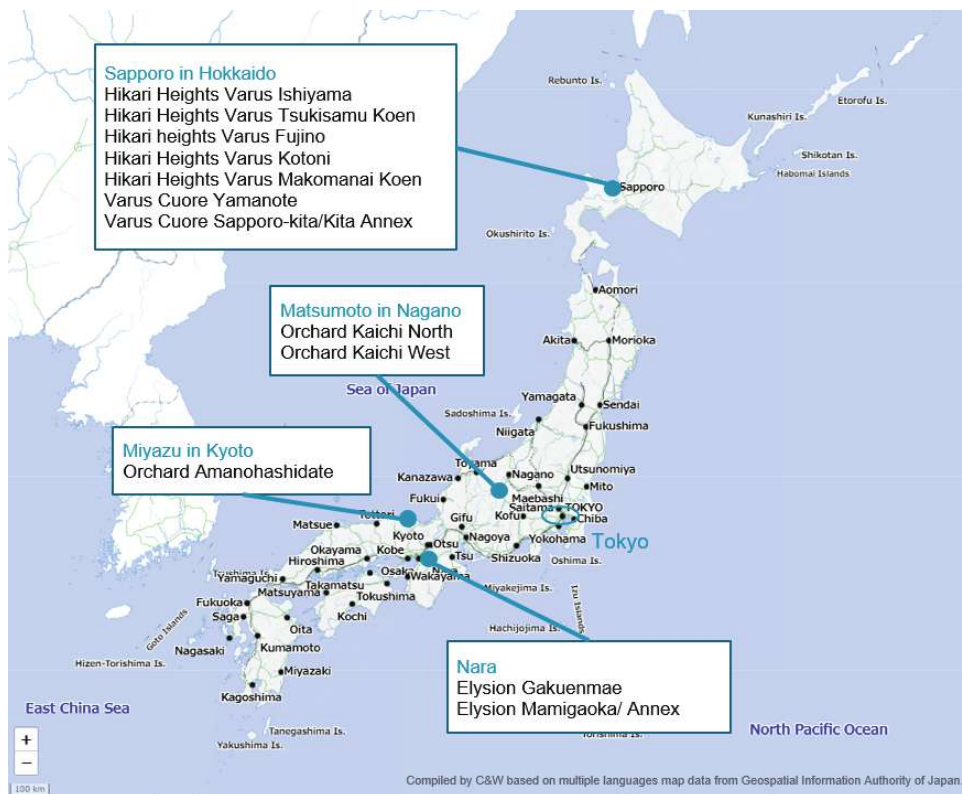


Source: Social Welfare Corporation Management Trend Survey, June 2021 issued by WAM

2 Subject Properties Overview

The average occupant rate for number of residence and occupancy rate for number of rooms of the subject properties are 85.7% and 90.8% respectively in July 2021. Considering the supply and demand balance, the competitiveness of the subject property, etc., operations are expected to be stable into the future.

The entire building has been leased to one tenant and the lease agreement has a long duration of 30 years and the rent is fixed, so a stable cash flow over a long period can be expected. On the other hand, income is dependent on the management capabilities of the business. As such, there is a risk of rent reductions and withdrawal from the subject properties.



Market overview of each area is as follows.

Sapporo, Hokkaido

Internationally Recognised Tourist Destination

- Sapporo-shi: Designated “Ordinance-designated city⁴” in Japan
- Fifth-largest population in Japan
- Significant nursing care demand is predicted versus national average
- Limited new supply of fee-based nursing homes for elderly due to volume control by Sapporo city office

Nara-Shi / Korycho, Nara

Home to Three of Japan’s World Heritage Sites

- Nara-Shi: Designated “core city⁵” in Japan; one of the most prominent tourist cities
- Koryocho: Has idyllic scenery and Mamigaoka area, one of the most comfortable residential areas in Nara
- Significant nursing care demand is predicted versus national average

⁴ An “Ordinance-designated city” is a Japanese city that has a population greater than 500,000 and has been designated as such by order of the Cabinet of Japan under Article 252, Section 19 of the Local Autonomy Law. There are 20 designated cities in total. Designated cities are required to subdivide themselves into wards, each of which has a ward office conducting various administrative functions for the city government, such as koseki and juminhyo resident registration and tax collection.

⁵ Core cities are generally cities whose population are greater than 200,000. These core cities are delegated many functions normally carried out by prefectural governments, but not as many as designated cities.

Matsumoto, Nagano

Home to Matsumoto Castle, a National Treasure

- Matsumoto-Shi: Designated “core city³” in Japan
- Most number of urban district shopping malls in Nagano
- Third-largest industrial manufacturing output in Nagano

Miyazu, Kyoto

Home to Amanohashidate, a Top Three Scenic Spot in Japan

- Location facing the Japan Sea
- Has only one fee-based home for the elderly with nursing care at 100% occupancy rate

Table 2.1 Utilization rate of subject properties

Subject	Location	Prefecture's Occupant Rate (Oct 2019)	Subject Occupant (People) Rate (Aug 2021)	Subject Room Occupancy Rate (Aug 2021)
Hikari Heights Varus Ishiyama	Hokkaido	86.8%	72.5%	88.0%
Hikari Heights Varus Tsukisamu Koen			95.9%	100.0%
Hikari Heights Varus Fujino			67.9%	81.9%
Hikari Heights Varus Kotoni			78.8%	92.2%
Hikari Heights Varus Makomanai Koen			83.2%	91.3%
Varus Cuore Yamanote			86.7%	88.1%
Varus Cuore Sapporo-kita/Kita Annex			86.1%	89.4%
Elysion Gakuenmae	Nara	83.9%	95.7%	95.7%
Elysion Mamigaoka, Elysion Mamigaoka Annex			92.5%	92.5%
Orchard Amanohashidate	Kyoto	85.9%	100.0%	100.0%
Orchard Kaichi North	Nagano	87.5%	85.9%	87.3%
Orchard Kaichi West			82.8%	82.8%
Average	National	87.2%	85.7%	90.8%

Source: Survey of Social Welfare Institutions issued by Ministry of Health, Labor and Welfare Occupant Rate is calculated by dividing the number of occupants by the number of residence capacity.

Demand for nursing care in Sapporo, Nara and Koryocho (part of Nara) medical districts are predicted to grow significantly compared with the national average. While Matsumoto medical district in Nagano is below the national average, demand is predicted to grow in the future. On the other hand, demand for nursing care in Tango medical district, which includes Miyazu-shi in Kyoto, is predicted to moderate in the future (illustrated in Table 2-4). This is because the elderly population, which is expected to drive demand for long-term care, is predicted to moderate in relation to the future estimated population.

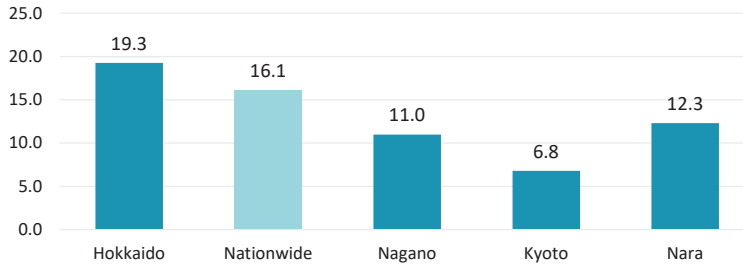
Table 2.2 Trend in the elderly population and aging rate by prefecture

Prefecture	2019			2045	Aging Growth Rate 2019 v 2045 (Point)	Subject Property
	Total Population (.000)	Population Over 65 (.000)	Population Aging Rate (%)	Population Aging Rate (%)		
Prefecture Average*	2,684	764	30.5	39.1	8.6	
Hokkaido	5,250	1,673	31.9	42.8	10.9	Sapporo
Nagano	2,049	653	31.9	41.7	9.8	Matsumoto
Kyoto	2,583	753	29.1	37.8	8.7	Miyazu
Nara	1,330	417	31.3	41.1	9.8	Nara, Kitakatsuragi-gun

*Average of all prefecture in the nation

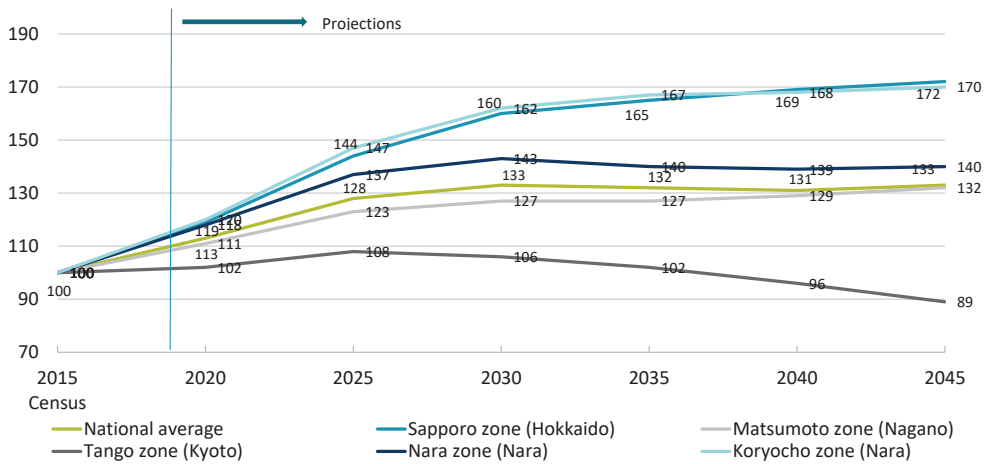
Source : The Cabinet Office, Government of Japan, Aging Society White Paper 2021

Table 2.3 Ratio of Fee-based Homes for the Elderly Capacity (People) to Every 1,000 Elderly in 2019



Source: Compiled by C&W based on The Cabinet Office, Government of Japan, Aging Society White Paper 2021

Table 2.4 Indicator of Demand for Nursing Care (Index 2015=100)



Source: Japan Medical Analysis Platform

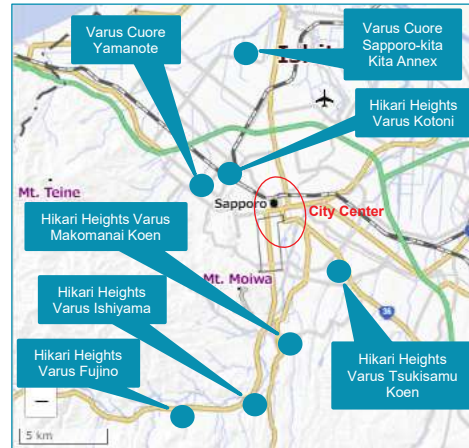
3 Sapporo-shi in Hokkaido

There are seven properties located within Sapporo-shi in Hokkaido, namely:

1. Hikari Heights Varus Ishiyama
2. Hikari Heights Varus Tsukisamu Koen
3. Hikari heights Varus Fujino
.
4. Hikari Heights Varus Kotoni
5. Hikari Heights Varus Makomanai Koen
6. Varus Cuore Yamanote
7. Varus Cuore Sapporo-kita/Kita Annex

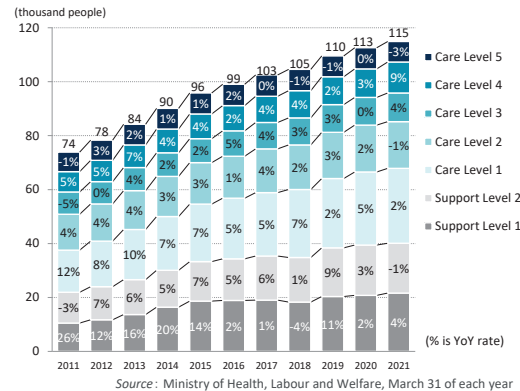
Area Summary

Sapporo-shi is the northern most government-ordinance-designated city in Japan. It takes about 3 hours to get to by plane and train from Tokyo. This city, which is home to the Hokkaido Government, is a political/economic center in Hokkaido, and has the 5th largest population in Japan. Sapporo Olympic Games in 1972 made the city an internationally recognized tourist destination. The city has nearby commuter towns such as Ebetsu-shi and Kitahiroshima-shi, which makes up the Sapporo metropolitan area. The downtown area has extensive underground shopping concourses. The shopping area around Sapporo-ekimae/Odori attracts visitors from neighbouring cities. These areas form a high-density commercial area.



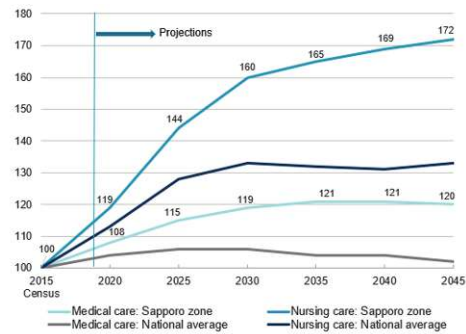
Compiled by C&W based on multiple languages map data from Geospatial Information Authority of Japan.

Table 3.1 Trends of number of people certified as persons requiring support



Source: Ministry of Health, Labour and Welfare, March 31 of each year

Table 3.2 Indicator of demand for medical care (2015=100)



Source: Japan Medical Analysis Platform

SWOT Analysis of the Subject Properties

- Strengths and Opportunities:
- The operator of the seven subject properties, Hikari Heights-Varus runs nine facilities in Sapporo and is listed on the Sapporo Stock Exchange. They are the 2nd biggest operator next to HITOWA Care Service Co., Ltd. operated 13 facilities in Sapporo. Hikari Heights-Varus has a high degree of recognition and credibility in Sapporo.
 - New supply of Fee-based Homes for the Elderly with nursing care is limited under the total volume control by Sapporo-shi office.
 - The elderly population in Sapporo area is trending up, so steady demand is expected in the future. Demand for nursing care in Sapporo medical district is predicted to grow significantly compared with the national average.
 - The subject properties are scattered in Sapporo with different grade from high-end to economy. Wide range of customer needs can be met.

- Weaknesses and Threats:
- 2 out of 7 facilities were built around 30 years ago, there are concerns that its competitiveness has fallen due to the aging of the building and facilities.

4 Nara-shi in Nara

ElySION Gakuenmae is located in Nara-shi, Nara.

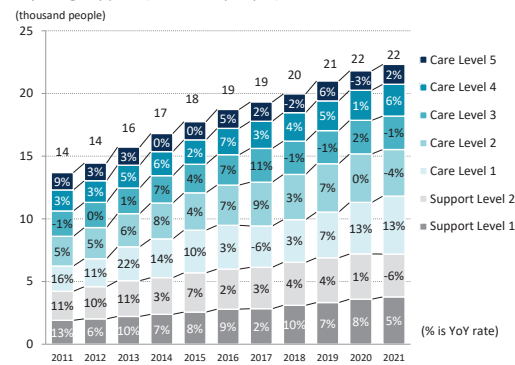
Area Summary

Nara-shi is in the northern part of Nara prefecture in Japan with the size of 276.84 km², designated as a “core city” on 1 April 2002. Regarding network of railroads, there are few areas that JR-West⁷ has accommodated, and Kintetsu Railway⁸ is actually responsible for commuters who live in the west residential areas. Nevertheless, Nara city is connected to Osaka Station and Kyoto Station where are central places in Kansai area within one hour using the above-mentioned railway network. On the other hand, with regards to traffic roads, there are many narrow streets in the city and no expressway. Nara is connected to the center of Osaka city by the second Hanna road which is a general toll road. Nara-shi, home to three of Japan’s World Heritage Sites, is one of the most prominent tourist cities in Japan with number of visitors reaching about 17.4 million in 2019.



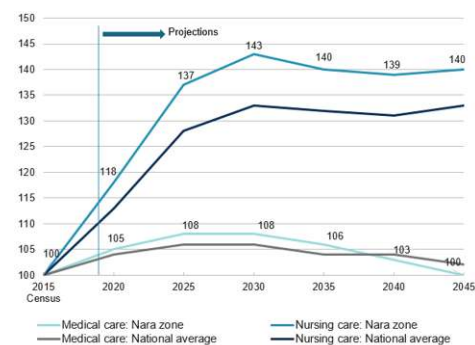
Compiled by C&W based on multiple languages map data from Geospatial Information Authority of Japan.

Table 3.3 Trends of number of people certified as persons requiring support (thousand people)



Source: Ministry of Health, Labour and Welfare, March 31 of each year

Table 3.4 Indicator of demand for medical care (2015=100)



Source: Japan Medical Analysis Platform

SWOT Analysis of the Subject Property

- Strengths and Opportunities:
- The area surrounding the subject property is one of the most affluent residential areas in Nara. As such, the location is good.
 - The operator of the subject property, Safety Life, runs four Fee-based Homes for the Elderly and one in-home long-term care support providing office in Nara Prefecture. The operator is fairly well known in Nara as one of the more experienced nursing care home operators.
 - Day care services are also available. The property offers various recreational

⁷ JR-West is a train line that is operated by West Japan Railway Company and operates in west Honshu.

⁸ Kintetsu Railway is a train line that is operated by Kintetsu Railway Co.,Ltd. and operates in Kansai and Chubu area.

programs and events throughout the year.

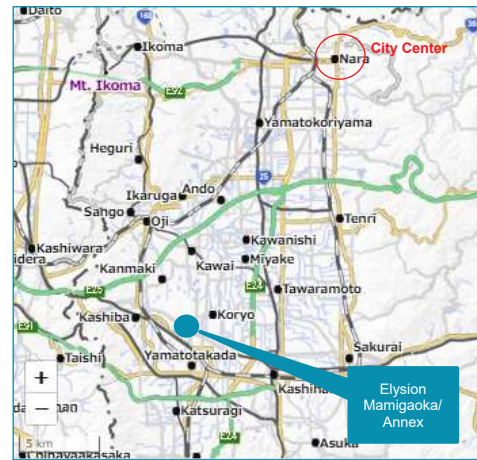
- Weaknesses and Threats:
- The nearest train station is "Gakken Nara Tomigaoka" Station on Kintetsu Keihanna Line. It is roughly four minutes by car and 16 minutes on foot. So, station-to-property-wise, it is not so convenient a place to visit unless one is using a car.

5 Koryocho in Nara

ElySION Mamigaoka and its Annex are located in Koryocho, Nara.

Area Summary

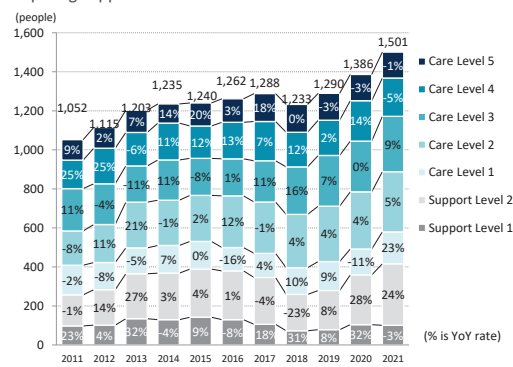
Koryo is a town located in Kitakatsuragi District, Nara Prefecture. Literally, its name means "many tombs" as the town has one of the highest concentrations of megalithic tombs (kofun) in Japan. Kintetsu "Hashio" station is at the center of the northern part of the town; socks manufacturers (in terms of industrial output, the town alone accounts for roughly 20% of all outputs in Japan) characterize the western part; idyllic scenery is a hallmark of the eastern area; and quiet residential area is a word that best describes Mamigaoka area which is in the southwestern part of the town. "Hashio" station on the Kintetsu Tawaramoto Line is the only train station in the town, though access to other train stations outside the town boundary is possible. Nara Kotsu Bus Lines and Koryocho Bus services (community bus services) serves various parts of the town. Mamigaoka New Town was one of those places that underwent a city wide development in the 1970s when



Compiled by C&W based on multiple languages map data from Geospatial Information Authority of Japan.

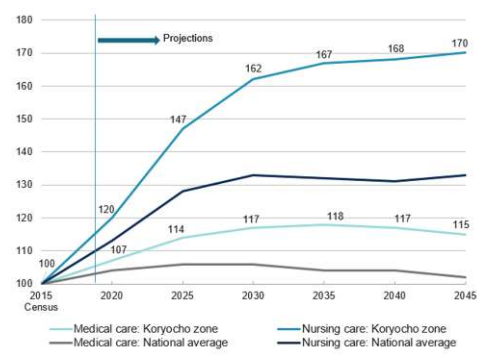
Japan was experiencing rapid increase in population and the economy was growing. Due to its proximity to the center of Osaka, its population has grown rapidly over the past two decades.

Table 3.5 Trends of number of people certified as persons requiring support



Source: Ministry of Health, Labour and Welfare, March 31 of each year

Table 3.6 Indicator of demand for medical care (2015=100)



Source: Japan Medical Analysis Platform

SWOT Analysis of the Subject Property

- Strengths and Opportunities:
- The area surrounding the subject properties is known as "Mamigaoka New Town (garden city)" which was initially developed in the early 1970s as a response to the growing population back then. The area still commands a certain level of fame as one of the most comfortable residential areas in Nara.
 - Demand for nursing care in Koryocho medical district is predicted to grow

significantly compared with the national average.

- The operator of the subject property, Safety Life, runs four Fee-based Homes for the Elderly and one in-home long-term care support providing office in Nara Prefecture. The operator is fairly well known in Nara as one of the more experienced nursing care home operators.
- Day care services are available at both Elysiom Mamigaoka and Elysiom Mamigaoka Annex. Short-term respite stays are also offered at Elysiom Mamigaoka.
- A pharmacy which dispenses prescription drugs is available within the premises of Elysiom Mamigaoka.

Weaknesses and Threats:

- The nearest train station is "Goido" Station on Kintetsu Osaka Line. It is roughly five minutes by car and 20 minutes on foot. So, station-to-property-wise, it is not so convenient a place to visit unless one is using a car.

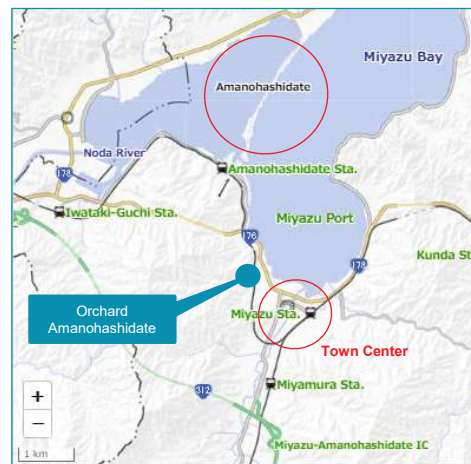
6 Miyazu-shi in Kyoto

Orchard Amanohashidate is located in Miyazu-shi, Kyoto.

Area Summary

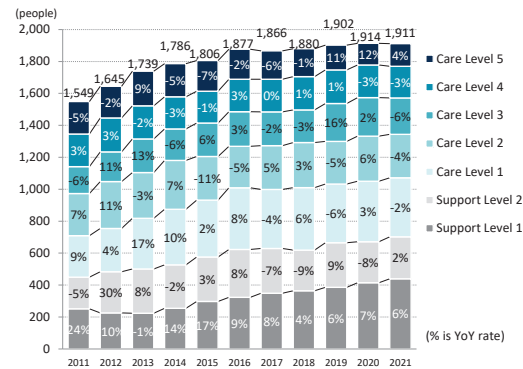
Miyazu-shi is located on the northwest end of Kyoto-fu, facing the Japan sea. It takes about two hours from Kyoto station. The city is divided into north and south with Yosanocho in the middle and central city located in the southern part of the city. The south and the north of the city is bridged by Amanohashidate, a sand bar designated as one of the Top Three Views of Japan along with Miyajima in Hiroshima and Matsushima in Miyagi, and is recognized as a symbol of the city.

Miyazu-shi had prospered as a tourist spot with Amanohashidate and also as a weaving industry town. Boosted by the opening of the Kyoto-Jukan Expressway in July 2015, the number of incoming tourists to Miyazu-shi exceeded 3 million people in 2017, establishing Miyazu-shi's status as a tourist destination within Kyoto Prefecture behind Kyoto-shi and Uji-shi.



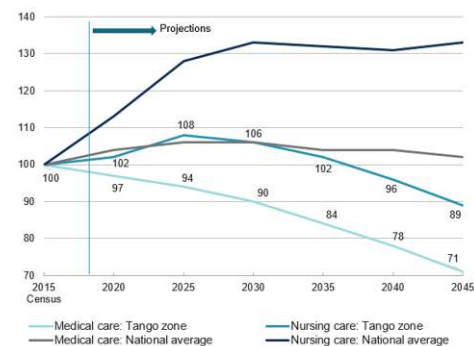
Compiled by C&W based on multiple languages map data from Geospatial Information Authority of Japan.

Table 3.7 Trends of number of people certified as persons requiring support



Source: Ministry of Health, Labour and Welfare, March 31 of each year

Table 3.8 Indicator of demand for medical care (2015=100)



Source: Japan Medical Analysis Platform

SWOT Analysis of the Subject Property

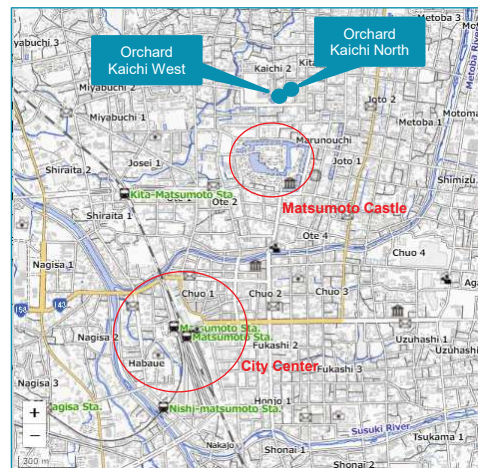
- | | |
|------------------------------|---|
| Strengths and Opportunities: | <ul style="list-style-type: none"> • The subject property is the only Fee-based Homes for the Elderly with nursing care within Miyazu-shi with current occupancy rate of 100%. Competition is therefore steady, and demand is predicted to be stable into the future. • The subject property is near Amanohashidate and is facing the Japan sea. Amanohashidate is counted among Japan's top three scenic spots in Japan and has an excellent location. • Day care services are also available. The property offers various recreational programs and events throughout the year. |
| Weaknesses and Threats: | <ul style="list-style-type: none"> • The subject property is located about 1,300m from the nearest station, so it is not within walking distance from the station. The location is somewhat inferior in terms of convenience for visitors and commuting employees. • Demand for nursing care in Tango medical district, which includes Miyazu-shi in Kyoto, is predicted to moderate in the future. • The operator of the subject property (Orchard Care) runs 5 facilities only in Kyoto, Nagano and Shizuoka, they have less visibility than an operator who has expanded nationwide. However, despite this, Orchard's business is profitable. |

7 Matsumoto-shi in Nagano

Orchard Kaichi North and Orchard Kaichi West are located in Matsumoto-shi, Nagano.

Area Summary

Matsumoto-shi is located approximately 75km Southwest of Nagano-shi, the prefectural capital of Nagano-ken and approximately 240km northwest of Tokyo. It is about 20 minutes to Nagano-shi by JR Shinonoi Line⁹ and about 2 hours and 40 minutes to Tokyo (Shinjuku) by JR Limited Express Azusa¹⁰. Matsumoto-shi is a special city located near at the center of Nagano-ken and Koshinetsu region, an area encompassing Yamanashi-ken, Nagano-ken and Niigata-ken. Matsumoto-shi incorporated Azusagawa-mura, Shiga-mura, Nagawa-mura and Azumi-mura in April 2005 and further incorporated Hata-machi in March 2010. Currently the city has a total area of 978.77sq km. It is a castle town centering around Matsumoto Castle, a national treasure, and many historic buildings remain in this former capital such as the former Kaichi gakko (primary school) which is one of the important cultural properties which the subject area was named after. Various major commercial facilities stand in the area such as Bank of Japan Matsumoto branch, Matsumoto airport, Shinshu University, Japan Ground Self-Defense Force Matsumoto base and Matsumoto PARCO. It has the most number of urban district shopping malls in the prefecture and the total of industrial manufacturing output ranks 3rd in the prefecture after Azumino-shi and Ueda-shi, playing a central role in the economy of Nagano-ken.



Compiled by C&W based on multiple languages map data from Geospatial Information Authority of Japan.

⁹ JR Shinonoi Line is a train line that is operated by East Japan Railway Company (JR East) and operates in east Honshu.

¹⁰ JR Limited Express Azusa is a train that is operated by East Japan Railway Company (JR East).

Table 3.9 Trends of number of people certified as persons requiring support

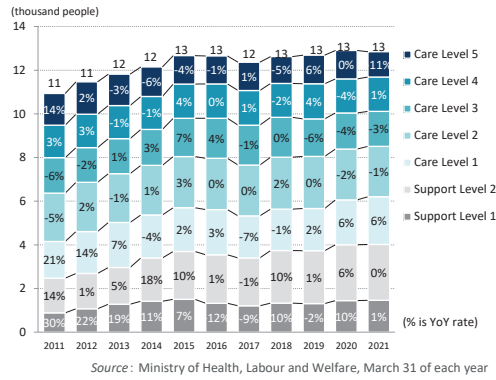
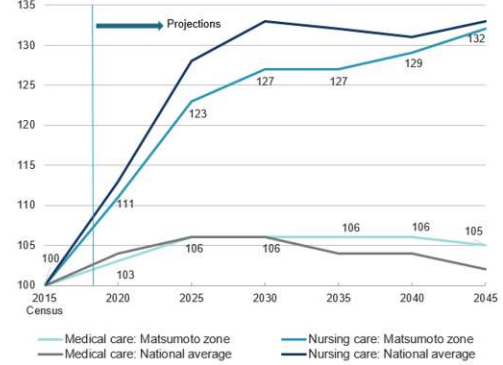


Table 3.10 Indicator of demand for medical care (2015=100)



SWOT Analysis of the Subject Properties

Strengths and Opportunities:

- The subject properties are located approximately 400 m north of Matsumoto Castle and slightly away from Matsumoto Station and the central commercial area. It is located in a quiet residential area and the location is generally good.
- The subject property was used to be a hospital, known as Marunouchi Hospital, which moved to Nagisa 1-chome in 2007, had been refurbished and has been operating as a nursing home since 2007. Since this was a hospital before, its popularity in the area is high.
- Since the subject properties are a high-end facility requiring approximately 3 million to 10 million yen as lump sum payment, it is not directly competing with the new low-priced nursing homes in Matsumoto-shi. Differentiation is going well at the moment.

Weaknesses and Threats:

- The operator of the subject property (Orchard Care) runs 5 facilities only in Kyoto, Nagano and Shizuoka, they have less visibility than an operator who has expanded nationwide. However, despite this, Orchard's business is profitable.

8 Conclusion

Continuous Growth of Healthcare Sector in Japan

- Japan's demographic changes will necessitate a large supply of senior living facilities over the next decade, and the inadequate supply will continue to put existing nursing home assets in high demand.
- Aging demographics: The elderly population those aged 65 or over is 36.4 million, the aging rate is 29.1%. The number of people certified as requiring long-term care has also increased 1.5 times nationwide from March 2008 to March 2021. It is predicted to continue this trend until around 2040.
- Inadequate supply: Despite the anticipated surge in demand, senior housing supply in Japan will not be able to keep up with the demand; this is partly due to labour shortage and government restrictions on building more elder care public facilities, are also limiting the growth of senior housing supply. In 2019, approximately 292 thousand elderly are on the long waiting lists for placements in Designated Facility Covered by Public Aid Providing Long-term Care to the Elderly (public sector nursing home). The Designated Facilities has only grown 37% between 2009 and 2019, while the number of Fee-based Homes for the Elderly has increased 213%.
- Favorable governmental policies: The Japanese government has launched various cost-efficient initiatives in its healthcare system such as encouraging more funding from the private sector and privatizing of public hospitals. The new government announced that the monthly income increase for childcare workers and nursing care workers is expected to be about 3%, to ensure workers in nursing and elder care are paid more fairly to retain these essential workers.
- Stigma attached to placing relatives in a nursing home: Psychological resistance to placing relatives in nursing homes rooted traditional values of filial piety, is waning.
- High quality healthcare standards: Japan has given families confidence and faith to place their elders in nursing homes. The low death rate during COVID-19 is a testament.

Scarcity of Quality Assets

- There is a limited number of properties available for sale in the market. Operators tend to be small and dispersed so quality assets suitable for institutional investment remain limited. Limited opportunities have reduced cap rates to tight levels.

Stable and Defensive Asset Class

- Stable lease structure: Since Fee-based Homes for the Elderly are managed on the premise of long-term operation, it is common to conclude long-term lease contracts of 20 to 30 years. Rents are usually fixed and are revised when taxes and CPI change. On the other hand, the lease term is 2 years for residential and generally from 2 to 5 years for office and retail properties.
- Due to changes in family structure and life cycle, housing for the elderly has become more important than ever. The percentage of three-generation households was 15.3% in 1986 but declined to 5.1% in 2019. As life expectancy has also increased, the number of elderly households and single-person households of the elderly has been increasing, and is expected to increase further in the future, making nursing homes increasingly important as an essential service in the later stages of a person's life.

Subject Properties

- Considering the supply and demand balance, the competitiveness of the subject property, etc., operations are expected to be stable into the future.
- The entire building has been leased to one tenant and the lease agreement has a long duration of 30 years and the rent is fixed, so a stable cash flow over a long period can be expected.
- Future demand for nursing care in the most area is predicted to grow compared with the national average. Only Miyazu-shi in Kyoto is predicted to moderate in the future. This is because the elderly population, which is expected to drive demand for long-term care, is predicted to moderate in relation to the future estimated population.
- Although selecting a back-up operator is not essential for investing in senior assets, incorporating a clause regarding the smooth transition of operations to the back-up operator in the lease contract with the current operator in advance will facilitate inclusion in funds that have selected a backup operator. All lease contracts of the subject properties have the clause of the handover to the back-up operator.

TAX CONSIDERATIONS

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

Singapore Taxation

Income derived from the Japan Nursing Homes

The rental income and other related income earned from First REIT's relevant interest in the Japan Nursing Homes will be received in Singapore by its wholly-owned Singapore subsidiaries, JMF and JMA, in the following forms:

- (a) dividend income; and/ or
- (b) proceeds from redemption of preferred equities; and/ or
- (c) proceeds from loans.

Dividend income from OUELH TMK (Japan), OUELH GK (Japan) and HJKK

The dividend income received in Singapore by (i) JMF from OUELH TMK (Japan) and OUELH GK (Japan) which own directly or indirectly the Japan Nursing Homes; and (ii) JMA from HJKK, (collectively the "**Foreign Dividend Income**"), will be exempt from tax under Section 13(8) of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") provided that each of JMF and JMA is a tax resident of Singapore and the following conditions are met:

- (a) in the year the Foreign Dividend Income is received in Singapore, the headline corporate tax rate of the jurisdiction from which it is received is at least 15.0%;
- (b) the Foreign Dividend Income has been subject to tax in the jurisdiction from which it is received; and
- (c) the Singapore Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to each of JMF and JMA.

Cash that cannot be repatriated from OUELH TMK (Japan) in the form of dividends may be used to redeem (at cost) the preferred equities in OUELH TMK (Japan) held by JMF and/ or extend loans to JMA via HJKK. The proceeds received by JMF from the redemption of preferred equities in OUELH TMK (Japan) and loans received by JMA are capital receipts and hence not subject to Singapore income tax.

First REIT will in turn receive (i) dividends from JMF and/ or JMA; and/ or (ii) proceeds from loans provided by JMA. Provided that each of JMF and JMA is a resident of Singapore for income tax purposes, the dividends received by First REIT will be one-tier (tax-exempt) dividends and hence

exempt from Singapore income tax in the hands of First REIT. The proceeds from loans received by First REIT are capital receipts and hence not subject to Singapore income tax.

Distributions to Unitholders

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

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

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

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

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

Japan Taxation

Tax Treatment of a TMK

A TMK is a special purpose corporation specifically designed for the purpose of issuing asset-backed securities under the Japan Asset Liquidation Act. While a TMK is subject to corporate income tax in the same manner as other Japanese domestic corporations, it is entitled to, in calculating its taxable income for a fiscal year or period, deduct dividend distributions made to its shareholders provided that it satisfies certain conditions set forth under the Special Taxation Measures Law of Japan. These conditions comprise certain permanent requirements (i.e. to be

satisfied on an ongoing basis from set-up of the TMK to the current fiscal year or period) as well as annual requirements (i.e. to be met for the current fiscal year or period).

If the specified conditions (i.e. both the permanent and annual requirements) are met and the TMK is able to distribute 100.0% of its taxable income, minimal Japanese corporate income tax, if any, should be payable by the TMK.

Dividends from OUELH TMK (Japan)

The dividends payable by OUELH TMK (Japan) to JMF will be eligible for the reduced Japan withholding tax rate of 5.0% as prescribed under the Singapore-Japan double taxation agreement (the “**Singapore-Japan DTA**”) provided that JMF (i) qualifies as a tax resident of Singapore; (ii) does not have a permanent establishment or fixed base in Japan with which the dividends are effectively connected; (iii) is the beneficial owner of the dividends; (iv) is conducting actual activities through a physical existence in Singapore; (v) does not fail the principal purpose test; and (vi) holds at least 25.0% of the voting shares of OUELH TMK (Japan) during the period of six months immediately before the end of the fiscal period for which the distribution of profits takes place. Pursuant to the principal purpose test, a benefit under the Singapore-Japan DTA shall not be granted in respect of an item of income (or capital) if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in those circumstances would be in accordance with the object and purpose of the relevant provisions of the Singapore-Japan DTA.

The dividends payable by OUELH TMK (Japan) to OUELH GK (Japan) will be subject to withholding tax of 20.42% (inclusive of a 2.1% surtax). The dividends from OUELH TMK (Japan) net of deductible expenses recognised by OUELH GK (Japan) will be subject to corporate income tax at the prevailing effective tax rate of approximately 34.59% (for corporations with paid-in capital of JPY 100 million or less) or 30.62% (for corporations with paid-in capital of more than JPY 100 million). The 20.42% withholding tax deducted on the dividends can be credited against the corporate income tax payable by OUELH GK (Japan) or refunded to OUELH GK (Japan) where the withholding tax deducted is more than the corporate income tax payable by OUELH GK (Japan).

Dividends from OUELH GK (Japan)

The dividends payable by OUELH GK (Japan) to JMF will be eligible for the reduced withholding tax rate of 5.0% as prescribed under the Singapore-Japan DTA if the conditions mentioned above for the reduced withholding tax rate are met.

Redemption of preferred equities

The redemption at cost of the preferred equities of OUELH TMK (Japan) is treated as a return of capital that is not subject to withholding tax in Japan. There is also no corporate income tax payable by JMF on the receipt of the proceeds from such redemption.

Loans extended to JMA

The loans extended to JMA which originate from the rental income and other related income earned by OUELH TMK (Japan) from the Japan Nursing Homes will not be subject to corporate income tax. The interest income from JMA should be included in the taxable income of HJKK on accrual basis and the net income after deducting interest expense should be subject to corporate income tax at the prevailing effective tax rate of approximately 34.59% (for corporations with paid-in capital of JPY 100 million or less) or 30.62% (for corporations with paid-in capital of more than JPY 100 million).

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of First Real Estate Investment Trust (“**First REIT**”, and holders of units in First REIT, the “**Unitholders**”) will be convened and held by way of electronic means on Friday, 28 January 2022 at 11:00 a.m. (the “**EGM**”), for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED ACQUISITION, AS AN INTERESTED PERSON TRANSACTION

That, subject to and contingent upon the passing of Resolution 2 and Resolution 3:

- (i) the proposed acquisition from OUE Lippo Healthcare Limited (“**OUELH**”) by Perpetual (Asia) Limited (in its capacity as trustee of First REIT) (the “**Trustee**”) of 100.0% of the issued and paid-up share capital of each of:
 - (a) OUELH Japan Medical Facilities Pte. Ltd., which owns a 100.0% interest in 12 nursing homes located in Japan, for an aggregate purchase consideration of approximately S\$163.2 million (subject to post-completion adjustments) (the “**Proposed JMF Acquisition**”); and
 - (b) OUELH Japan Medical Assets Pte. Ltd. for a purchase consideration of approximately S\$0.3 million (subject to post-completion adjustments) (the “**Proposed JMA Acquisition**”, and together with the Proposed JMF Acquisition, the “**Proposed Acquisition**”),

on the terms and conditions set out in a sale and purchase agreement entered into between the Trustee and OUELH dated 7 December 2021 (the “**JMF Sale and Purchase Agreement**”) in respect of the Proposed JMF Acquisition (as described in the circular to Unitholders dated 6 January 2022 (the “**Circular**”), a copy of which may be accessed at First REIT’s website at the URL https://www.first-reit.com/ir_egm.html) and a sale and purchase agreement entered into between the Trustee and OUELH dated 7 December 2021 (the “**JMA Sale and Purchase Agreement**”) in respect of the Proposed JMA Acquisition (as described in the Circular), and the entry into the JMF Sale and Purchase Agreement and the JMA Sale and Purchase Agreement, be and are hereby approved and/or ratified;

- (ii) approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Acquisition;
- (iii) approval be and is hereby given for the entry by the Trustee (whether directly or indirectly through its subsidiaries) into all agreements and transactions in connection with the Proposed Acquisition and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to the Proposed Acquisition; and
- (iv) First REIT Management Limited, as manager of First REIT (the “**Manager**”), any director of the Manager (“**Director**”) and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) (the “**Acquisition Documents**”) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of First REIT to give effect to the Proposed Acquisition and all transactions contemplated under the Acquisition Documents, and in this connection, the board of directors of the Manager (the “**Board**”) be hereby authorised to delegate such authority to such persons as the Board deems fit.

ORDINARY RESOLUTION

2. THE PROPOSED ISSUE OF 431,147,541 NEW UNITS IN FIRST REIT AS PARTIAL CONSIDERATION FOR THE PROPOSED JMF ACQUISITION

That, subject to and contingent upon the passing of Resolution 1 and Resolution 3:

- (i) the issue, in the manner described in the Circular, of such number of Consideration Units (as defined in the Circular) to OLH Healthcare Investments Pte. Ltd. (“**OHI**”) (which has been nominated by OUELH to receive the Consideration Units), a wholly-owned subsidiary of OUELH, in relation to the Proposed JMF Acquisition; and
- (ii) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee, may consider expedient or necessary or in the interests of First REIT to give effect to the issue of the Consideration Units and all transactions in connection therewith.

ORDINARY RESOLUTION

3. THE PROPOSED WHITEWASH RESOLUTION

That subject to the conditions in the SIC Waiver (as defined in the Circular) being fulfilled, Unitholders other than OHI and parties acting in concert with OHI (“**Concert Parties**”) hereby (on a poll taken) waive their rights to receive a Mandatory Offer (as defined in the Circular) from OHI and its Concert Parties for all the remaining issued units in First REIT not owned or controlled by OHI and its Concert Parties, in the event that they trigger a mandatory bid obligation pursuant to Rule 14 of The Singapore Code on Take-overs and Mergers as a result of the receipt by OHI (which has been nominated by OUELH to receive the Consideration Units) of the Consideration Units as partial consideration for the Proposed JMF Acquisition.

ORDINARY RESOLUTION

4. THE PROPOSED SETTLEMENT, AS AN INTERESTED PERSON TRANSACTION

That:

- (i) the proposed full and final settlement of any and all claims which PT Tata Prima Indah (“**PT TPI**”) (which is an indirect wholly-owned subsidiary of First REIT) may have against PT Saputra Karya (“**PT SK**”) (which is an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk) in respect of the Progress Payments (as defined in the Circular), the Interest (as defined in the Circular) and the Project Expenses (as defined in the Circular) (the “**Proposed Settlement**”), on the terms and conditions set out in a settlement agreement entered into between PT TPI and PT SK dated 7 December 2021 (the “**Progress Payments Settlement Agreement**”) and a settlement agreement entered into between PT TPI, PT SK and the Trustee dated 7 December 2021 (the “**Project Expenses Settlement Agreement**”, and together with the Progress Payments Settlement Agreement, the “**Settlement Agreements**”) in respect of the Proposed Settlement (as described in the Circular), and the entry into the Settlement Agreements, be and are hereby approved and/or ratified; and

- (ii) the Manager, any Director and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) (the “**Settlement Documents**”) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of First REIT to give effect to the Proposed Settlement and all transactions contemplated under the Settlement Documents, and in this connection, the Board be hereby authorised to delegate such authority to such persons as the Board deems fit.

BY ORDER OF THE BOARD

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

Mr Chua Hua Yeow, Kelvin
Company Secretary
Singapore
6 January 2022

Important Notice:

1. The 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 printed copies of this Notice that will be sent to Unitholders, this Notice will also be sent to Unitholders by electronic means via publication on First REIT's website at the URL https://www.first-reit.com/ir_egm.html. This Notice will also be made available on the SGX website at the URL <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 webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM and addressing of substantial and relevant questions in advance of 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 6 January 2022. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

A Unitholder who wishes to watch the "live" audio-visual webcast or "live" audio-only stream must pre-register by **11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022**, at the URL https://www.first-reit.com/ir_egm.html to enable the Manager to verify his/her/its status as Unitholders.

Following the verification, authenticated Unitholders will receive an email containing instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the proceedings of the EGM by **11:00 a.m. (Singapore Time) on Thursday, 27 January 2022** (the "Confirmation Email").

Unitholders who do not receive the Confirmation Email by **11:00 a.m. (Singapore Time) on Thursday, 27 January 2022** but have registered by the **11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022** deadline, should contact First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at +65 6536 5355 from **10:00 a.m. to 4:00 p.m. (Singapore Time) on Thursday, 27 January 2022**.

A Unitholder who pre-registers to watch the "live" audio-visual webcast or "live" audio-only stream may also submit questions related to the resolutions to be tabled for approval at the EGM. To do so, all questions must be submitted by **12:00 noon (Singapore Time) on Sunday, 16 January 2022**:

- (a) via the pre-registration website at the URL https://www.first-reit.com/ir_egm.html;
- (b) in hard copy by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and sending the same by post to the office of First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623; or
- (c) via email by completing the Submission of Questions Form provided by the Manager on First REIT's website at the URL https://www.first-reit.com/ir_egm.html and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements> and sending the same to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at fristreitegm2022@boardroomlimited.com.

Unitholders are encouraged to submit their questions promptly for such questions to be addressed. The Manager will address all substantial and relevant questions received from Unitholders prior to the closing date and time for submission of questions, being **12:00 noon (Singapore Time) on Sunday, 16 January 2022**, by **11:00 a.m. (Singapore Time) on Saturday, 22 January 2022**, being 72 hours prior to the closing date and time for the lodgement of Proxy Forms.

3. **Due to the current COVID-19 situation 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.** The instrument appointing the Chairman of the EGM as proxy ("Proxy Form") may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a Unitholder (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.

Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore, and who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM, should approach their respective relevant intermediaries through which they hold such Units as soon as possible in order to make the necessary arrangements for them to participate in the EGM.

For the avoidance of doubt, CPF and SRS investors who wish to participate in the EGM by (a) observing and/or listening to the EGM proceedings through “live” audio-visual webcast or “live” audio-only stream and/or (b) submitting questions in advance of the EGM should refer to paragraph 2 above. However, CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Tuesday, 18 January 2022**, being seven (7) working days before the date of the EGM.

4. The Chairman of the EGM, as proxy, need not be a Unitholder of First REIT.
5. The Proxy Form must be submitted in the following manner:
 - (a) if submitted electronically, be submitted via email to First REIT’s Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at firstreitegm2022@boardroomlimited.com; or
 - (b) 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 not later than 11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022.

A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.

The Proxy Form must be signed by the appointer or his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

The Manager shall have the right to reject any Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager (a) may reject any Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his or her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager; and (b) shall be entitled and bound to accept as accurate the number of Units entered against the name of that Unitholder as shown in the Depository Register as at a time not earlier than 72 hours prior to the time of the EGM, supplied by CDP to the Trustee and to accept as the maximum number of votes which in aggregate that Unitholder and his proxy are able to cast on poll a number which is the number of Units entered against the name of that Unitholder as shown in the Depository Register, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.

6. The Circular has been uploaded on the SGX website on 6 January 2022 at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at First REIT’s website at the URL https://www.first-reit.com/ir_egm.html.
7. Due to the constantly evolving COVID-19 situation in Singapore, the Manager may be required to change the arrangements for the EGM at short notice. Unitholders should check First REIT’s website at the URL https://www.first-reit.com/ir_egm.html for the latest updates on the EGM.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the EGM as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by First REIT (or its agents) for the purpose of the processing and administration by First REIT (or its agents) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for First REIT (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines.

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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, and will be made available on the website of the SGX-ST at <https://www.sgx.com/securities/company-announcements>.
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 EGM dated 6 January 2022.

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 6 January 2022 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, 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 webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM and addressing of substantial and relevant questions in advance of 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 6 January 2022. This announcement may be accessed at First REIT's website at the URL https://www.first-reit.com/ir_egm.html and also on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. **Due to the current COVID-19 situation 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 and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Tuesday, 18 January 2022**, being seven (7) working days before the date of the EGM.
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 EGM dated 6 January 2022.
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)) _____ (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 **Friday, 28 January 2022 at 11:00 a.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*
	ORDINARY RESOLUTION			
1	To approve the Proposed Acquisition, as an Interested Person Transaction			
2	To approve the proposed issue of 431,147,541 Consideration Units as partial consideration for the Proposed JMF Acquisition			
3	To approve the proposed Whitewash Resolution			
4	To approve the Proposed Settlement, as an Interested Person Transaction			

* *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 "✓" 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 "✓" 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 _____ 2022

Total No. of Units held	
-------------------------	--

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

IMPORTANT: Please read notes on the reverse side



Notes to the Proxy Form:

1. Due to the current COVID-19 situation in Singapore, a Unitholder will not be able to attend the EGM in person. If a Unitholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the EGM, he/she/it 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. The instrument appointing the Chairman of the EGM as proxy ("**Proxy Form**") will be sent to Unitholders and may be accessed at First REIT's website at https://www.first-reit.com/ir_egm.html, and on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>. In appointing the Chairman of the EGM as proxy, a Unitholder must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.
Unitholders who hold their Units through relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore and who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries as soon as possible to submit their voting instructions. CPF and SRS investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by **Tuesday, 18 January 2022**, being seven (7) working days before the date of the EGM.
2. The Chairman of the EGM, as proxy, need not be a unitholder of First REIT.
3. The Proxy Form must be submitted electronically via email or in hard copy form:
 - (a) if submitted electronically, be submitted via email to First REIT's Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at fristreitregm2022@boardroomlimited.com; or
 - (b) 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 not later than **11:00 a.m. (Singapore Time) on Tuesday, 25 January 2022**.
A Unitholder who wishes to submit the Proxy Form must first fill in and/or download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
Where the Proxy Form appointing the Chairman of the EGM as proxy is submitted by email, it must be authorised in the following manner:
 - (i) by way of the affixation of an electronic signature by the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
 - (ii) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

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Affix
Postage
Stamp

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

2nd fold here

- In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for Unitholders to submit completed Proxy Forms by post, Unitholders are strongly encouraged to submit completed Proxy Forms electronically via email.**
4. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his or her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he or she should insert that number of Units. If the Unitholder has Units registered in his or her name in the Register of Unitholders, he or she should insert that number of Units. If the Unitholder has Units entered against his or her name in the said Depository Register and Units registered in his or her name in the Register of Unitholders, he or she should insert the aggregate number of Units entered against his or her name in the Depository Register and registered in his or her name in the Register of Unitholders. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
 5. The Proxy Form must be executed under the hand of the appointor or of his or her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a notarially certified copy thereof must be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
 6. A corporation, being a Unitholder, may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the EGM and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
 7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Manager.



FIRST REIT MANAGEMENT LIMITED

(Company Registration Number: 200607070D)

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