



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

COMPLETION OF THE PROPOSED ACQUISITION OF 12 NURSING HOMES LOCATED IN JAPAN AND ISSUE AND LISTING OF CONSIDERATION UNITS

*Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the announcement of First Real Estate Investment Trust dated 8 December 2021 in relation to the proposed acquisitions of the Japan Nursing Homes and the proposed settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya (the "**Transaction Announcement**").*

1. COMPLETION OF THE PROPOSED ACQUISITION

Further to the Transaction Announcement, First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**", and as manager of First REIT, the "**Manager**"), is pleased to announce that First REIT has completed the Proposed Acquisition today. Following the completion of the Proposed Acquisition, JMF and JMA are now wholly-owned subsidiaries of First REIT.

2. ISSUE AND LISTING OF CONSIDERATION UNITS

The Manager is also pleased to announce that an aggregate of 431,147,541 Consideration Units have been issued to OLH Healthcare Investments Pte. Ltd. at an issue price of S\$0.305 per Consideration Unit as partial payment of the purchase consideration for the Proposed Acquisition. The Consideration Units have been listed and quoted on the Main Board of the SGX-ST with effect from 9.00 a.m. on 1 March 2022 ("**Listing Date**").

The Consideration Units are trading under a temporary stock counter (Counter Name: First Reit A, Stock Code: WCJU) separate from the existing First REIT stock counter. The Consideration Units will trade under this separate stock counter for the period commencing from the Listing Date to the last day of "cum-distribution" trading for the Consideration Units as well as the existing Units in issue on 28 February 2022, being the day immediately prior to the date on which the Consideration Units are issued (the "**Existing Units**"), in respect of the distributions for the period ending 31 March 2022. After the last day of "cum-distribution" trading, both the Consideration Units trading on the temporary stock counter and the Existing Units will be aggregated and traded under the existing First REIT stock counter on the Main Board of the SGX-ST on the next market day, i.e. the first day of "ex-distribution" trading for both the Consideration Units and the Existing Units.

For the avoidance of doubt, the Consideration Units will not be entitled to distributions by First REIT for the period preceding the Listing Date, and will only be entitled to receive distributions by First REIT from the Listing Date to the end of the distribution period in which the Consideration Units are issued, as well as all distributions thereafter.

When the Consideration Units are aggregated and traded under the existing First REIT stock counter on the Main Board of the SGX-ST, the Consideration Units will rank *pari passu* in all respects with the Existing Units, including the right to any distributions which may be paid thereafter. The date for the merger of the temporary stock counter with the existing First REIT stock counter will be announced by the Manager separately.

3. **PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION BASED ON THE CONDENSED INTERIM FINANCIAL STATEMENTS IN RESPECT OF THE YEAR ENDED 31 DECEMBER 2021 OF FIRST REIT**

The Transaction Announcement sets out the *pro forma* financial effects of the Proposed Acquisition based on the FY2020 Audited Consolidated Financial Statements and the 1H2021 Unaudited Consolidated Financial Statements of First REIT, and on the assumptions set out in the Transaction Announcement.

Given that the Manager has on 10 February 2022 announced the Condensed Interim Financial Statements in respect of the six-month period and year ended 31 December 2021 of First REIT, the Manager wishes to provide an update in respect of certain figures relating to the *pro forma* financial effects of the Proposed Acquisition set out in the Transaction Announcement, based on the latest available Condensed Interim Financial Statements in respect of the year ended 31 December 2021 of First REIT (the “**FY2021 Unaudited Consolidated Financial Statements**”)

The *pro forma* financial effects of the Proposed Acquisition presented below are strictly for illustrative purposes only and are prepared based on the FY2021 Unaudited Consolidated Financial Statements and assuming:

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 OUE LH 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 431,147,541 Consideration Units issued at an issue price of S\$0.305 per Consideration Unit;

- (i) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2021 Unaudited Consolidated Financial Statements and the accounting standards applicable as at the date of this announcement;
- (ii) The Manager has opted for management fee in units at 75% for Japan Nursing Homes.
- (iii) 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 transaction costs; and
- (iv) the average and closing exchange rates for JPY:SGD used for translating the FY2021 income statement and the financial positions of the Japan Nursing Homes as at 31 December 2021 are 81.30 and 83.33 respectively.

3.1 Pro Forma DPU

The *pro forma* financial effects of the Proposed Acquisition on the DPU and DPU yield for FY2021, as if the Proposed Acquisition was completed on 1 January 2021 and First REIT held the Japan Nursing Homes through to 31 December 2021, are as follows:

	FY2021	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
Rental and other income (S\$'000)	102,346	119,057
Net property and other income (S\$'000)	100,216	114,963
Distributable Income (S\$'000)	42,120	53,621
Units in issue and to be issued	1,616,331,220	2,049,292,220
DPU (cents) ⁽²⁾	2.61	2.62
DPU Yield (%) ⁽³⁾	8.6	8.6

Notes:

- (1) Based on the FY2021 Unaudited Consolidated Financial Statements.
- (2) The calculation of DPU per unit has taken in consideration of 431,147,541 Units issued for Proposed Acquisition.
- (3) Computed based on First REIT's closing price of S\$0.305 as at 31 December 2021.

3.2 Pro Forma NAV per Unit

The *pro forma* financial effects of the Proposed Acquisition on the NAV per Unit as at 31 December 2021, as if the Proposed Acquisition was completed on 31 December 2021, are as follows:

	As at 31 December 2021	
	Before the Proposed Acquisition ⁽¹⁾	After the Proposed Acquisition
NAV (S\$'000)	591,145	714,464
Units in issue and to be issued ⁽²⁾	1,613,028,634	2,045,989,634
NAV per Unit (cents) ⁽³⁾	36.65	34.92
Leverage ratio (%)	33.6	36.0

Notes:

- (1) Based on the FY2021 Unaudited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 3,302,586 Units issued from 1 January 2022 to the date preceding the date of this announcement.
- (3) The calculation of NAV per unit has taken in consideration of 431,147,541 Units issued for Proposed Acquisition.

3.3 Pro Forma Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 31 December 2021, as if the Proposed Acquisition was completed on 31 December 2021.

	As at 31 December 2021	
	Actual	As adjusted for the Proposed Acquisition ⁽¹⁾
	(S\$'000)	(S\$'000)
Short-term debt:		
Secured	99,258	99,258
Total short-term debt	99,258	99,258
Long-term debt:		
Secured	249,953	378,644
Total long-term debt	249,953	378,644
Total Debt	349,211	477,902
Unitholders funds	591,145	714,464
Perpetual securities holders' fund	60,675	60,675
Total Capitalisation	1,001,031	1,253,041

Note: Based on the FY2021 Unaudited Consolidated Financial Statements.

3.4 Other Information

3.4.1 Deposited Property of First REIT

As stated in the Transaction Announcement, the value of First REIT's Deposited Property¹ 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. The Manager wishes to add that the value of First REIT's Deposited Property will increase by 28.2% from S\$1,049.5 million as at 31 December 2021 to S\$1,345.2 million after the completion of the Proposed Acquisition.

¹ "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.

3.4.2 Weighted Average Lease Expiry (“WALE”)

As stated in the Transaction Announcement, 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 12.0 years as at 30 June 2021 to approximately 14.0 years respectively.

As at 31 December 2021, the Japan Nursing Homes had an aggregate WALE of 21.3 years. Upon completion of the Proposed Acquisition, the WALE by GFA of First REIT will improve from approximately 11.5 years as at 31 December 2021 to approximately 13.5 years respectively.

3.4.3 Borrowings

The cost of debt of JMF and JMA for FY2021 is a weighted average interest rate of 1.2% per annum (on an all-in costs basis) and the Proposed Acquisition is expected to reduce First REIT’s cost of debt from a weighted average rate of 4.2% per annum (on an all-in costs basis) to 3.4% per annum on a *pro forma* basis (assuming that First REIT had held JMF and JMA from 1 January 2021) for FY2021. By taking over the debt of JMF and JMA which was issued in May 2020 and maturing in May 2025, the weighted average debt maturity of First REIT will increase from 0.9 years to 1.6 years as at 31 December 2021 (assuming that First REIT holds JMF and JMA on 31 December 2021).

By Order of the Board

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

1 March 2022

Important Notice

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for units in First REIT (“Units”).

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

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.

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