



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

PROPOSED RIGHTS ISSUE

*Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the announcement of First Real Estate Investment Trust ("**First REIT**") dated 29 November 2020 (the "**Announcement**") in relation to the proposed restructuring of certain master leases of First REIT.*

1. INTRODUCTION

First REIT Management Limited, in its capacity as manager of First REIT (the "**Manager**"), wishes to announce its intention to carry out a renounceable rights issue (the "**Proposed Rights Issue**") for the purposes of repaying 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**"), among other things.

2. THE PROPOSED RIGHTS ISSUE

2.1 Impact of the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring on First REIT

The Manager understands that LPKR is facing significant liquidity pressure given its weak operating cash flows and significant recurring expenses, as elaborated in the Announcement. For illustration, LPKR has been generating negative operating cash flows since 2015 with an aggregate negative cash flow of approximately Rp.15.7 trillion (approximately S\$1.5 billion¹). The situation is exacerbated by the depreciation of the Indonesian Rupiah against the Singapore Dollar by approximately 44.8% since the IPO of First REIT² which adds further pressure on LPKR as rent payments under the existing LPKR MLAs have to be made in Singapore Dollars.

The Manager also understands that the effect of the Covid-19 pandemic on MPU's business has been very severe, with systemic, drastic and prolonged impact on its business activities, as elaborated in the Announcement.

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

80.2% (or approximately S\$395.7 million) of First REIT's debt is coming due within the next

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

2 From 4 December 2006 to 30 October 2020. Source: Bloomberg. Bloomberg has not provided its consent to the inclusion of the information extracted from its report in this announcement and Bloomberg is not responsible for the information extracted from its report in this announcement.

18 months with 39.8% (or approximately S\$196.6 million) coming due on 1 March 2021, as illustrated by the following table:

Due Date	Amount	Percentage of Total Debt	Facility
1 March 2021	S\$196.6 million	39.8%	Part of the 2018 Secured Loan Facilities
1 March 2022	S\$99.1 million	20.1%	Part of the 2018 Secured Loan Facilities
16 May 2022	S\$100.0 million	20.3%	The 2019 Secured Loan
Total Debt Due within the next 18 months	S\$395.7 million	80.2%	
1 March 2023	S\$97.7 million	19.8%	Part of the 2018 Secured Loan Facilities
Total	S\$493.4 million	100.0%	

2.2 Rationale for the Proposed Rights Issue

As mentioned in the announcement of First REIT dated 24 December 2020 in relation to the Refinancing Facility (as defined below), Perpetual (Asia) Limited (in its capacity as trustee of First REIT) has entered into a facility agreement with, among others, OCBC and CIMB Bank Berhad, Singapore Branch on 24 December 2020 to refinance the 2018 Secured Loan Facilities with a loan facility of up to S\$260 million (the “**Refinancing Facility**”) in order to meet the S\$196.6 million repayment obligation on 1 March 2021 under the 2018 Secured Loan Facilities.

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

First REIT is therefore carrying out the Proposed Rights Issue for the purposes of, among others, repayment of part of the 2018 Secured Loan Facilities to complete the refinancing exercise and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021, master lease restructuring costs, as well as for working capital purposes.

2.3 Proposed Rights Issue

The Manager proposes to raise gross proceeds of approximately S\$158.2 million through the Proposed Rights Issue. Based on an indicative issue price of S\$0.20 per new Unit to be issued for the purpose of the Proposed Rights Issue (“**Rights Unit**”), the Manager currently expects to issue up to 791,063,000 Rights Units (which is equivalent to approximately 98.0% of the 807,206,351 Units in issue as at the date of this announcement) by way of a

renounceable rights issue to Unitholders with Units standing to the credit of their securities accounts and whose registered addresses with The Central Depository (Pte) Limited (“**CDP**”) are in Singapore as at the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotment of the Rights Units (the “**Eligible Unitholders**”, the time and date on which the transfer books and register of Unitholders will be closed to determine the provisional allotment of the Rights Units, the “**Rights Issue Record Date**”, and existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, “**Existing Units**”) on a *pro rata* basis of 98 Rights Units for every 100 Units held as at the Rights Issue Record Date.

The Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Proposed Rights Issue to be underwritten prior to the launch of the Proposed Rights Issue.

The actual terms and conditions of the Proposed Rights Issue will be set out in the offer information statement in connection with the Proposed Rights Issue to be lodged with the Monetary Authority of Singapore (the “**MAS**”) and issued to Eligible Unitholders (“**Offer Information Statement**”). The Proposed Rights Issue is further conditional upon the lodgement of the Offer Information Statement with the MAS.

In addition, the viability of the Proposed Rights Issue is dependent on the Manager being able to provide certainty in respect of the valuations and cash flows of First REIT’s assets through the Proposed LPKR MLA Restructuring, as Unitholders as well as other stakeholders of First REIT rely on First REIT’s valuations and visibility on future cash flows in order to evaluate First REIT and make decisions regarding First REIT. Hence, the Proposed LPKR MLA Restructuring is necessary to enable the Manager to proceed with the Proposed Rights Issue. **Accordingly, the Manager will not launch the Proposed Rights Issue unless the resolution in respect of the Proposed LPKR MLA Restructuring (“Resolution 1”) is passed. In the event that the resolution in respect of the Proposed Whitewash Resolution (“Resolution 2”) is not passed, the Manager will not launch the Proposed Rights Issue unless it is able to arrange for the Proposed Rights Issue to be underwritten. Unitholders should note that Resolution 1 and Resolution 2 are not inter-conditional upon each other. It should also be noted that the FRML Undertaking, the OUELH Undertaking and the OUE Undertaking are conditional upon the passing of Resolution 1 and Resolution 2.**

2.4 Issue Price

The indicative issue price of S\$0.20 per Rights Unit is at a discount of:

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

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

and

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

2.5 Commitment by First REIT Management Limited (in its own capacity)

To demonstrate its support for First REIT and the Proposed Rights Issue, First REIT Management Limited (in its own capacity) (“**FRML**”), which owned an aggregate interest in 75,573,533 units in First REIT (the “**FRML Initial Units**”), comprising approximately 9.36% of the total number of Units in issue¹ as at 24 December 2020, has irrevocably undertaken to the Manager (the “**FRML Undertaking**”) on 24 December 2020 that, among others:

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

2.6 Commitment by OUE Lippo Healthcare Limited

To demonstrate its support for First REIT and the Proposed Rights Issue, OUE Lippo Healthcare Limited (“**OUELH**”), which through its wholly-owned subsidiary, OHL Healthcare Investments Pte. Ltd. (“**OHIPL**”), owned an aggregate interest in 83,593,683 units in First REIT (the “**OHIPL Initial Units**”), comprising approximately 10.36% of the total number of Units in issue² as at 24 December 2020, has irrevocably undertaken to the Manager (the “**OUELH Undertaking**”) on 24 December 2020 that, among others:

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

1 Based on the total number of 807,206,351 Units in issue as at 24 December 2020.

2 Based on the total number of 807,206,351 Units in issue as at 24 December 2020.

OUE LH owns 100.0% of OUE LH (SEA) Pte. Ltd., which owns 100.0% of OUE LH (Singapore) Pte. Ltd., which owns 100.0% of OHIPL, which owns 83,593,683 Units (or 10.36% of the total number of Units in issue).

2.7 Commitment by OUE Limited

To demonstrate its support for First REIT and the Proposed Rights Issue, OUE Limited ("**OUE**"), which through its interests in FRML and OUE LH, had deemed interests in 159,167,216 Units (the "**OUE Initial Units**"), comprising approximately 19.72% of the total number of Units in issue¹ as at 24 December 2020, has irrevocably undertaken to the Manager (the "**OUE Undertaking**", together with the FRML Undertaking and the OUE LH Undertaking, the "**Irrevocable Undertakings**") on 24 December 2020 that, among others:

- (i) as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date, OUE will have an interest (either actual or deemed) in not less than the number of the OUE Initial Units;
- (ii) in accordance with the terms and conditions of the Proposed Rights Issue, OUE will either:
 - (a) (in the event that the Proposed Rights Issue is not underwritten) procure that Clifford Development Pte. Ltd. ("**CDPL**")² applies, subscribes and pays in full, any Excess Rights Units³ to the extent that they remain unsubscribed after satisfaction of all applications for Excess Rights Units (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUE LH Undertaking); or
 - (b) (in the event that the Proposed Rights Issue is underwritten) commit to the underwriter(s) of the Proposed Rights Issue to procure that CDPL subscribes and pays in full, the Rights Units to the extent that they are not successfully subscribed for under the Proposed Rights Issue (excluding for the avoidance of doubt the Rights Units which are the subject of the FRML Undertaking and the OUE LH Undertaking). For the avoidance of doubt, OUE will not receive any fee, and will procure that its subsidiaries do not receive any fee, from the underwriter(s) in respect of OUE Undertaking; and
- (iii) OUE will take or cause to be taken, all steps and actions and do, or cause to be done, all such acts and things as may be reasonably required to give effect to the undertakings set out in OUE Undertaking.

¹ Based on the total number of 807,206,351 Units in issue as at 24 December 2020.

² CDPL is a wholly-owned subsidiary of OUE. CDPL is not currently a Unitholder. Subject to the passing of the Proposed Whitewash Resolution at the EGM, CDPL will become an Eligible Unitholder by acquiring a nominal number of Units (e.g. 100) from FRML.

³ "**Excess Rights Units**" means the Rights Units represented by the provisional allotments (A) of (i) Eligible Unitholders who decline, do not accept, and elect not to renounce or sell their provisional allotment of Rights Units under the Proposed Rights Issue (during the "nil-paid" rights trading period prescribed by the SGX-ST) (the "**Rights Entitlements**") and/or (ii) Unitholders who are not Eligible Unitholders which have not been sold during the Rights Entitlements trading period or (B) that have not been validly taken up by the original allottees, renounees of the Rights Entitlements or the purchasers of Rights Entitlements.

2.8 The Irrevocable Undertakings

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

- (a) the passing of the necessary resolution by the independent Unitholders at a general meeting of First REIT to approve the proposed restructuring of master lease agreements which PT. Lippo Karawaci Tbk had entered into with First REIT as initially described in the Announcement;
- (b) the approval in-principle having been obtained from the SGX-ST for the listing and quotation of the Rights Units on the Main Board of the SGX-ST and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights Issue;
- (c) the receipt of a “whitewash waiver” from the Securities Industry Council (“**SIC**”) (such waiver not being revoked or repealed) that CDPL need not, subject to the fulfilment of conditions to be laid down by the SIC, make a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the “**Code**”) as a result of the issue of the Rights Units to CDPL, and the fulfilment of the said conditions;
- (d) subject to the “whitewash waiver” in paragraph 2.8(c) above being granted, the passing of the necessary resolution by the Independent Unitholders (as defined below) at a general meeting of First REIT to waive their rights to receive a mandatory general offer for First REIT from CDPL, as a result of the issue of the Rights Units to CDPL (“**Proposed Whitewash Resolution**”); and
- (e) the lodgement of the Offer Information Statement with the MAS, together with all other accompanying documents (if applicable), in connection with the Proposed Rights Issue.

Based on the Irrevocable Undertakings, the Manager expects that the minimum proceeds raised from the Proposed Rights Issue will be sufficient to meet First REIT’s present funding requirements.

For the avoidance of doubt, the Manager will be relying on the general mandate that was obtained by the Manager from Unitholders at the annual general meeting of Unitholders held on 20 May 2020 to issue the Rights Units.

2.9 The Proposed Whitewash Resolution

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

As at the date of this announcement, CDPL and its concert parties hold less than 30.0% of the voting rights in First REIT. Under Rule 14 of the Code, CDPL would be obliged to make a

Mandatory Offer for Units not already owned or controlled by CDPL and its concert parties if it acquires whether by a series of transactions over a period of time or not, 30.0% or more of the total issued Units.

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

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

Unless waived by the Securities Industry Council (“SIC”), pursuant to Rule 14 of the Code, CDPL would then be required to make a Mandatory Offer. The SIC has granted this waiver subject to, *inter alia*, the satisfaction of the following conditions:

- (i) a majority of holders of voting rights of First REIT approve at a general meeting, before the issue of the Rights Units, the Proposed Whitewash Resolution by way of a poll to waive their rights to receive a general offer from CDPL and its concert parties;
- (ii) the Proposed Whitewash Resolution is separate from other resolutions;
- (iii) CDPL and its concert parties as well as parties not independent of them abstain from voting on the Proposed Whitewash Resolution;
- (iv) CDPL and its concert parties did not acquire or are not to acquire any units or instruments convertible into and options in respect of Units (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Units which have been disclosed in the circular):
 - (a) during the period between the first announcement of the Proposed Rights Issue and the date Unitholders’ approval is obtained for the Proposed Whitewash Resolution; and
 - (b) in the six months prior to the announcement of the Proposed Rights Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the directors of the Manager in relation to the Proposed Rights Issue;
- (v) First REIT appoints an independent financial adviser to advise the Independent Unitholders on the Proposed Whitewash Resolution;
- (vi) First REIT sets out clearly in its circular to Unitholders:
 - (a) details of the Proposed Rights Issue and the proposed issue of the Rights Units to CDPL;
 - (b) the dilution effect to existing Unitholders of voting rights upon the issue of the Rights Units to CDPL;

- (c) the number and percentage of voting rights in First REIT as well as the number of instruments convertible into, rights to subscribe for and options in respect of Units held by CDPL and its concert parties as at the latest practicable date;
- (d) the number and percentage of voting rights in to be acquired by CDPL upon the issue of the Rights Units;
- (e) specific and prominent reference to the possibility that the issue of the Rights Units to CDPL could result in CDPL and its concert parties holding Units carrying over 49% of the voting rights of First REIT and to the fact that CDPL and its concert parties will be free to acquire further Units without incurring any obligation under Rule 14 to make a general offer; and
- (f) specific and prominent reference to the fact that the Unitholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a general offer from CDPL at the highest price paid by CDPL and its concert parties for the Units in the past six months preceding the commencement of the offer;
- (vii) the circular by First REIT to the Unitholders states that the waiver granted by the SIC to CDPL from the requirement to make a general offer under Rule 14 of the Code is subject to the conditions stated in sub-paragraphs 2.9(i) to 2.9(vi) above;
- (viii) First REIT obtains the SIC's approval in advance for those parts of the circular that refer to the Proposed Whitewash Resolution; and
- (ix) to rely on the Proposed Whitewash Resolution, approval of the Proposed Whitewash Resolution must be obtained within three months of the date of the email granting the waiver and the acquisition of the Rights Units by CDPL must be completed within three months of the date of the approval of the Proposed Whitewash Resolution.

2.10 Rationale for the Proposed Whitewash Resolution

The Proposed Whitewash Resolution is to allow CDPL to be issued the Rights Units pursuant to the OUE Undertaking. The rationale is set out as follows.

As explained above, First REIT needs to make repayment of S\$140.0 million to its lenders to complete the refinancing of the 2018 Secured Loan Facilities and avoid an imminent default of the S\$196.6 million repayment obligation on 1 March 2021. The Manager intends to finance the S\$140 million from the Proposed Rights Issue and has tried but has not been able to find a financial institution which will commit to underwriting the Proposed Rights Issue at this stage.

Having explored various alternatives, and while the Manager may, if it considers it appropriate taking into account relevant factors including market conditions, arrange for the Proposed Rights Issue to be underwritten prior to the launch of the Proposed Rights Issue, the only viable option currently available to First REIT which provides certainty of a successful Proposed Rights Issue is to have CDPL provide full support for the Proposed Rights Issue in terms of taking up Units which are not subscribed for under the Proposed Rights Issue.

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

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

3. **Pro Forma Financial Effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue**

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue presented below are strictly for illustrative purposes only and are prepared based on the audited consolidated financial statements of First REIT and its subsidiaries for FY2019 (“**FY2019 Audited Consolidated Financial Statements**”) and the unaudited consolidated financial statements of First REIT and its subsidiaries for 1H2020 (the “**1H2020 Unaudited Consolidated Financial Statements**”) and assuming:

- (i) a one-off master lease restructuring cost of S\$3.4 million;
- (ii) 791,063,000 Right Units will be issued on a *pro rata* basis of 98 Rights Units for every 100 Existing Units held as at 5:00 p.m. (Singapore time) on the Rights Issue Record Date at an issue price of S\$0.20 per Rights Unit to raise gross proceeds of approximately S\$158.2 million;
- (iii) S\$140 million of the gross proceeds of the Proposed Rights Issue is to be used to repay part of the 2018 Secured Loan Facilities; and
- (iv) the accounting policies and methods of computation applied to the *pro forma* financials are consistent with those applied in the FY2019 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of this announcement.

3.1 **FY2019**

3.1.1 **Pro Forma DPU**

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue on the distributions per Unit (“**DPU**”) and DPU yield for FY2019, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue were completed on 1 January 2019 are as follows:

FY2019			
Before the Proposed LPKR MLA Restructuring (1)	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring

	Restructuring			and the Proposed Rights Issue
Rental and other income (S\$'000)	115,297	83,012	77,550	77,550
Net property and other income (S\$'000)	112,894	80,609	75,147	75,147
Distributable Income (S\$'000)	68,463	39,804	35,523	41,263
Units in issue and to be issued ⁽²⁾	799,992,974	799,992,974	799,992,974	1,591,055,974
DPU (cents) ⁽²⁾	8.60	4.98 ⁽³⁾	4.44 ⁽⁴⁾	2.59 ⁽⁵⁾
DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.41)	-	12.1 ⁽⁶⁾	10.8 ⁽⁷⁾	-
DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	9.7 ⁽⁸⁾	5.6 ⁽⁹⁾	5.0 ⁽¹⁰⁾	-
DPU Yield (%) based on indicative Issue Price (S\$0.20) ⁽¹¹⁾	-	-	-	13.0
DPU Yield (%) based on	-	-	-	8.5

theoretical
ex-rights
price
calculated
based on
the closing
price on the
Latest
Practicable
Date (being
S\$0.41 per
Unit)
(S\$0.31)⁽¹²⁾

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
- (2) The Units in issue and to be issued do not include the 7,213,377 Units issued from 1 January 2020 to the date preceding the date of this announcement.
- (3) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 5.40 cents.
- (4) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 4.86 cents.
- (5) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 2.81 cents.
- (6) Based on the closing price on 23 December 2020 being the latest practicable date prior to this announcement (the "**Latest Practicable Date**") of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 13.2%.
- (7) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 11.9%.
- (8) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (9) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 6.1%.
- (10) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.5%.
- (11) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 14.1%.
- (12) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU yield will be 9.2%.

3.1.2 **Pro Forma NAV per Unit**

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

As at 31 December 2019

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

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
(2) The Units in issue and to be issued do not include the 9,531,836 Units issued from 1 January 2020 to the date preceding the date of this announcement.
(3) Taking into account of the issue of 791,063,000 Rights Units.

3.1.3 Pro Forma Capitalisation

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

As at 31 December 2019			
	Actual ⁽¹⁾	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring and the Proposed Rights Issue ⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)
Short-term debt:			
Unsecured	-	-	-
Secured	-	-	-
Total short-term debt	-	-	-

Long-term debt:

Unsecured	-	-	-	-
Secured	486,410	486,410	486,410	346,410
Total long-term debt	486,410	486,410	486,410	346,410
Total Debt	486,410	486,410	486,410	346,410
Unitholders funds	794,836	461,074	412,815	571,230
Perpetual securities holders' fund	60,878	60,878	60,878	60,878
Total Capitalisation	1,342,124	1,008,362	960,103	978,518

Notes:

- (1) Based on the FY2019 Audited Consolidated Financial Statements.
(2) Taking into account the issue of 791,063,000 Rights Units.

3.2 1H2020**3.2.1 Pro Forma DPU**

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue on the DPU and DPU yield for 1H2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue were completed on 1 January 2020 are as follows:

	1H2020 ⁽¹⁾			
	Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue
Rental and other income (S\$'000)	38,598	27,924	26,119	26,119
Net property and other income (S\$'000)	37,528	26,854	25,049	25,049
Distributable income	18,435	7,195	5,860	8,730

(S\$'000)

Units in issue and to be issued ⁽²⁾	804,523,401	804,523,401	804,523,401	1,595,586,401
DPU (cents) ⁽²⁾	2.30	0.89 ⁽³⁾	0.73 ⁽⁴⁾	0.55 ⁽⁵⁾
Annualised DPU Yield (%) based on the closing price on the Latest Practicable Date (S\$0.41)	-	4.3 ⁽⁶⁾	3.6 ⁽⁷⁾	-
Annualised DPU Yield (%) based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (S\$0.885)	5.2 ⁽⁸⁾	2.0 ⁽⁹⁾	1.6 ⁽¹⁰⁾	-
Annualised DPU Yield (%) based on indicative Issue Price (S\$0.20) ⁽¹¹⁾	-	-	-	5.5
Annualised DPU Yield (%) based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable	-	-	-	3.6

Date (being
S\$0.41 per
Unit)
(S\$0.31)⁽¹²⁾

Notes:

- (1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.
- (2) The Units in issue and to be issued do not include the Units 2,682,950 issued from 1 July 2020 to the date preceding the date of this announcement.
- (3) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.31 cents.
- (4) Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 1.15 cents.
- (5) Taking into account the issue of 791,063,000 Rights Units. Excluding the one-off master lease restructuring costs of S\$3.4 million, the DPU will be 0.76 cents.
- (6) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 6.4%.
- (7) Based on the closing price on the Latest Practicable Date of S\$0.41 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.6%.
- (8) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit.
- (9) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 3.0%.
- (10) Based on the closing price on the Market Day before LPKR unilaterally announced its intention to restructure all of the LPKR MLAs (being 29 May 2020) of S\$0.885 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 2.6%.
- (11) Based on the indicative Issue Price of S\$0.20 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 7.6%.
- (12) Based on theoretical ex-rights price calculated based on the closing price on the Latest Practicable Date (being S\$0.41 per Unit) of S\$0.31 per Unit. Excluding the one-off master lease restructuring costs of S\$3.4 million, the annualised DPU yield will be 5.0%.

3.2.2 *Pro Forma* NAV per Unit

The *pro forma* financial effects of the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue on the NAV per Unit as at 30 June 2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue were completed on 30 June 2020 are as follows:

As at 30 June 2020⁽¹⁾

Before the Proposed LPKR MLA Restructuring	After the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed
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	Rights Issue			
NAV (S\$'000)	778,150	444,388	396,129	551,674
Units in issue and to be issued ⁽²⁾	802,343,424	802,343,424	802,343,424	1,593,406,424 ⁽³⁾
NAV per Unit (cents)	96.98	55.39	49.37	34.62
Leverage ratio	34.9%	46.1%	48.6%	34.4%

Notes:

- (1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.
- (2) The Units in issue and to be issued do not include the 4,862,927 Units issued from 1 July 2020 to the date preceding the date of this announcement.
- (3) Taking into account the issue of 791,063,000 Rights Units.

3.2.3 *Pro Forma* Capitalisation

The following table sets out the *pro forma* capitalisation of First REIT as at 30 June 2020, as if the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue were completed on 30 June 2020.

	As at 30 June 2020 ⁽¹⁾			
	Actual	As adjusted for the Proposed LPKR MLA Restructuring	As adjusted for the MPU MLA Restructuring and the Proposed LPKR MLA Restructuring	After the MPU MLA Restructuring, the Proposed LPKR MLA Restructuring and the Proposed Rights Issue ⁽²⁾
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Short-term debt:				
Unsecured	-	-	-	-
Secured	195,670	195,670	195,670	195,670
Total short-term debt	195,670	195,670	195,670	195,670

Long-term debt:

Unsecured	-	-	-	-
Secured	292,917	292,917	292,917	152,917
Total long-term debt	292,917	292,917	292,917	152,917
Total Debt	488,587	488,587	488,587	348,587
Unitholders funds	778,150	444,388	396,129	551,674
Perpetual securities holders' fund	60,859	60,859	60,859	60,859
Total Capitalisation	1,327,596	993,834	945,575	961,120

Notes:

- (1) Based on the 1H2020 Unaudited Consolidated Financial Statements, which includes the two-month rental relief of S\$19.6 million extended to all tenants for the months of May and June 2020.
- (2) Taking into account the issue of 791,063,000 Rights Units.

4. APPROVAL IN-PRINCIPLE

The Manager is pleased to announce that approval in-principle was obtained from the SGX-ST on 24 December 2020 from the SGX-ST for the listing of, dealing and quotation of the Rights Units on the Main Board of the SGX-ST. The SGX-ST's approval in-principle is subject to, among others:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) a written undertaking from First REIT that it will comply with Listing Rules 704(30) and 1207(20) in relation to the use of the proceeds from the Proposed Rights Issue and where proceeds are to be used for working capital purposes, First REIT will disclose a breakdown with specific details on the use of proceeds for working capital in First REIT's announcements on use of proceeds and in the annual report;
- (iii) a written undertaking from First REIT that it will comply with Listing Rule 877(10) with regards to the allotment of any excess Rights Units; and
- (iv) a written confirmation from financial institution(s) as required under Listing Rule 877(9) that the undertaking Unitholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings.

The SGX-ST's approval in-principle is not to be taken as an indication of the merits of the Proposed LPKR MLA Restructuring, the Proposed Rights Issue, the Rights Units, First REIT and/or its subsidiaries.

5. FURTHER DETAILS

Unitholders may wish to refer to the circular dated 28 December 2020 for further details relating to the Proposed LPKR MLA Restructuring and the MPU MLA Restructuring.

The Manager wishes to advise Unitholders and potential investors to exercise caution when dealing in the Units.

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

28 December 2020

Important Notice

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

This announcement is for information purposes only and does not constitute an offer for sale or an invitation or offer to acquire, purchase or subscribe for Units in the United States, Singapore or any other jurisdiction.

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 and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of Units and the income derived from them, if any, may fall or 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.

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The securities referred to herein have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Any public offering of securities to be made in the United States would be made by means of a prospectus that may be obtained from an issuer and would contain detailed information about such issuer and the management, as well as financial statements.

There will be no public offering of the securities referred to herein in the United States.

Investors should note that they 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 SGX-ST.

Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

This advertisement has not been reviewed by the Monetary Authority of Singapore.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore

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