

# 2Q 2015 Financial Results

20 July 2015

**FIRST REIT**  
FIRST REAL ESTATE INVESTMENT TRUST



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



# FIRST REIT

FIRST REAL ESTATE INVESTMENT TRUST

1 **Financial Highlights**

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2 **DPU and Price Comparison**

3 **Capital Management**

4 **Portfolio Highlights**

5 **Growth Prospects**

# KEY HIGHLIGHTS

Expanded income streams from larger portfolio of properties boosted revenue and DPU

- Portfolio of **16 properties** across Indonesia, Singapore & South Korea, with total **assets-under-management at S\$1.17 billion**

- Financial Performance**

	2Q 2015	2Q 2014	Y-O-Y ↑	1H 2015	1H 2014	Y-O-Y ↑
Gross Revenue (S\$'m)	25.0	23.0	8.5%	49.7	45.5	9.3%
Net Property Income (S\$'m)	24.6	22.7	8.3%	48.9	44.9	8.8%
Distributable Income (S\$'m)	15.4	14.4	7.2%	30.7	28.6	7.3%
DPU (cents)	2.07	2.00	3.5%	4.13	3.99	3.5%

- 2Q 2015 revenue and earnings increased year-on-year due to **contribution** from **Siloam Sriwijaya** and other properties in Indonesia and Singapore
- Annualised DPU of 8.33 cents translates to distribution yield of **6.0%**<sup>1</sup>
- First REIT has a strong financial position with **no refinancing needs until 2017**
- Maintained **gearing below 35% limit** despite significant growth in portfolio value, distributable amount and DPU

<sup>1</sup> Based on closing price of S\$1.39 on 30 Jun 2015

# KEY FINANCIAL HIGHLIGHTS (S\$'000)

Acquired 8 new hospitals +  
1 new integrated hospital &  
hotel in the last 5 years

Indonesia: Dec 2010

- MRCCC
- SHLC

Singapore: Mar 2011

- Divestment of Adam Road property

South Korea: Aug 2011

- Sarang Hospital

Indonesia: Nov 2012

- MD Property
- SHMK

Indonesia: May 2013

- SHBL
- SHTS

Indonesia: May 2014

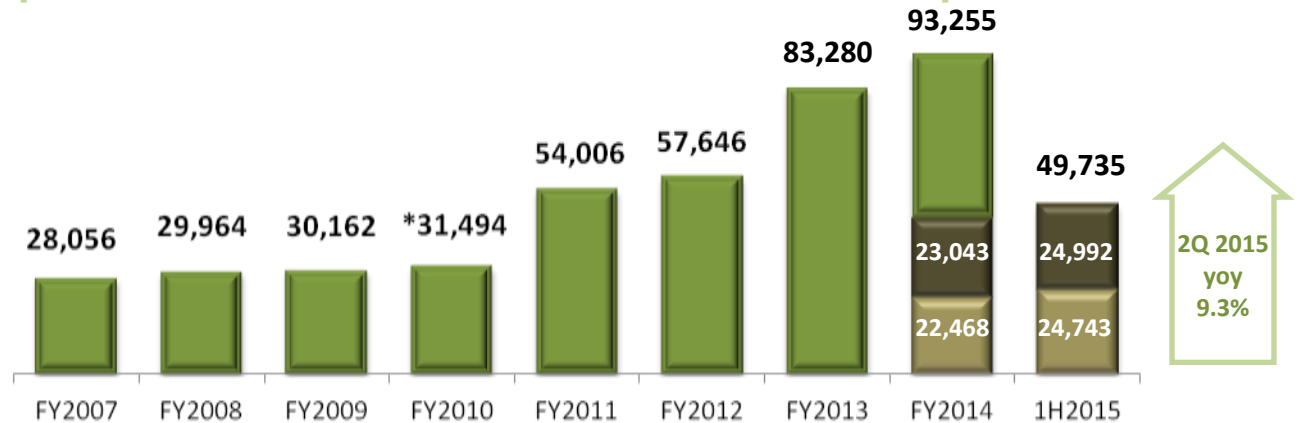
- SHPW

Indonesia: Dec 2014

- SS

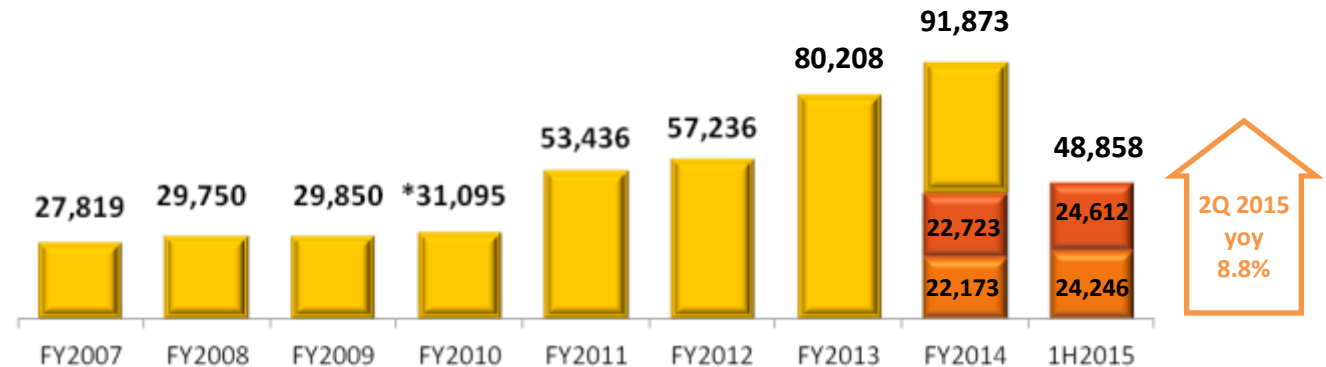
## Gross Revenue

CAGR: 18.7%



## Net Property Income

CAGR: 18.6%



\*Includes deferred rental income from Adam Road property as at 31 December 2010, which was divested on 25 March 2011

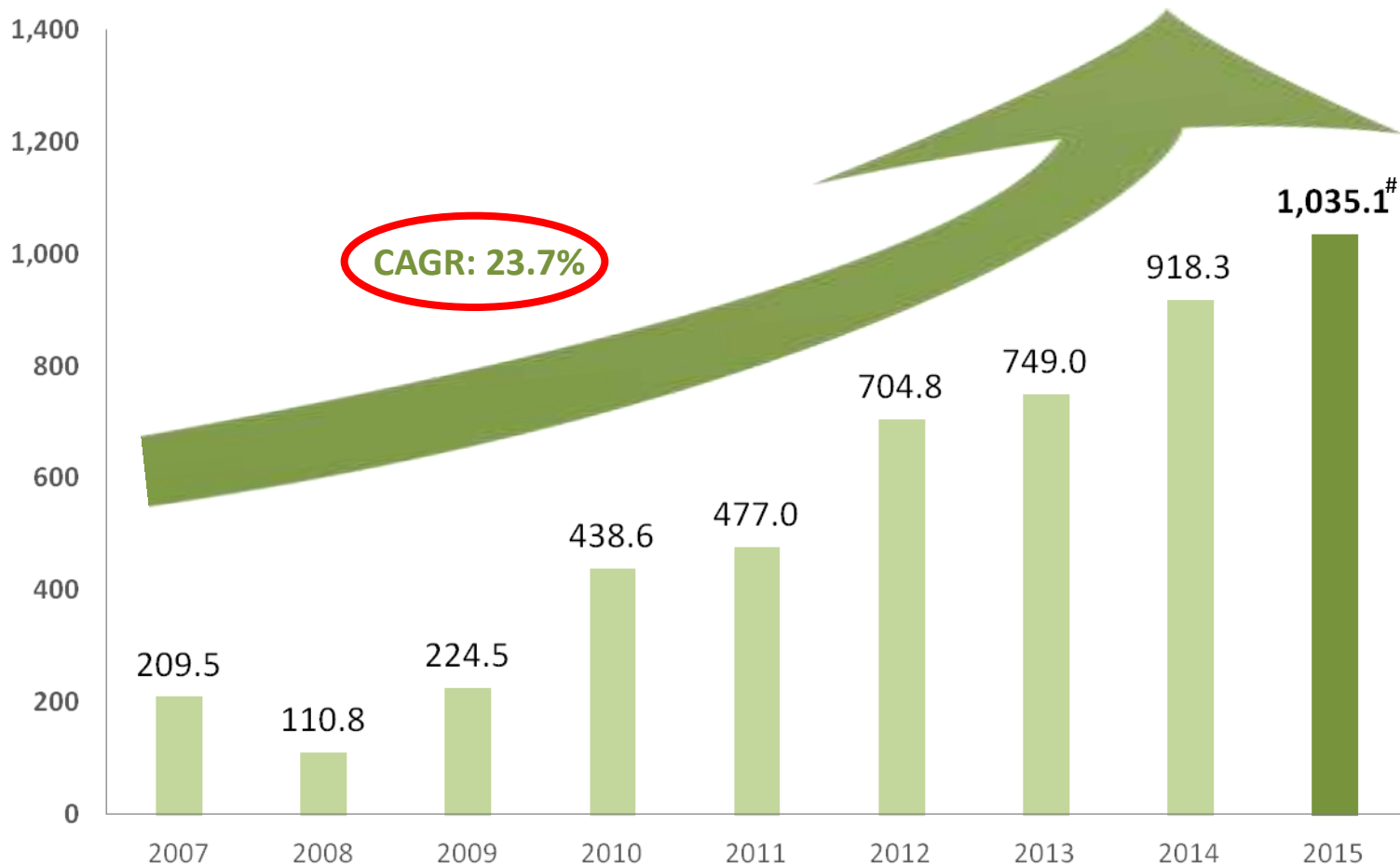
# GROWTH IN ASSET SIZE

## ASSETS-UNDER-MANAGEMENT (S\$'million)



# ACHIEVED S\$1 BILLION IN MARKET CAPITALISATION

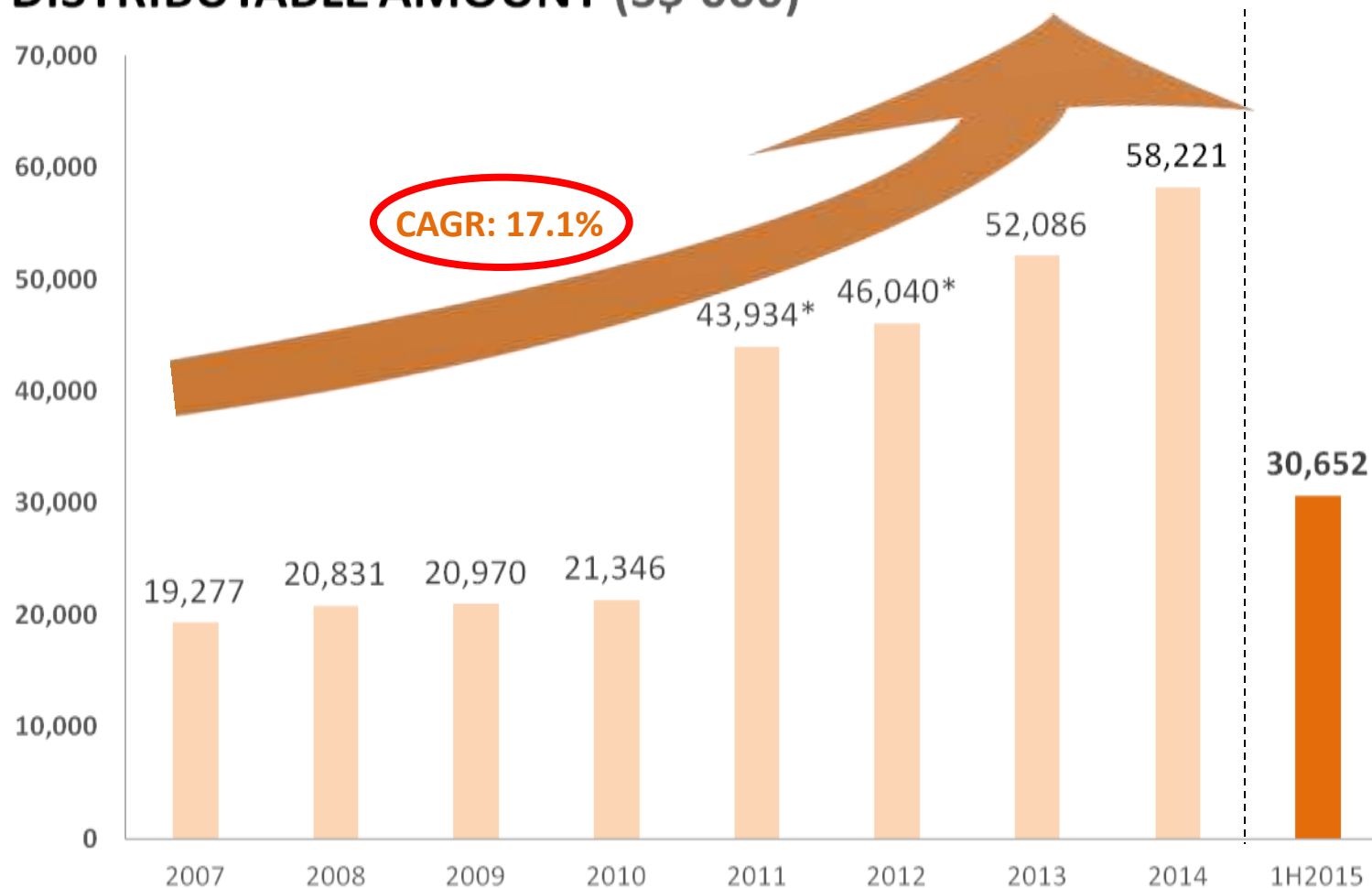
## MARKET CAPITALISATION (S\$'million)



<sup>#</sup> Based on closing price of S\$1.39 on 30 June 2015 and total number of units of 744,640,464

# DISTRIBUTION INCOME ON THE UPTREND

## DISTRIBUTABLE AMOUNT (S\$'000)



\* Includes other gain distribution





# FIRST REIT

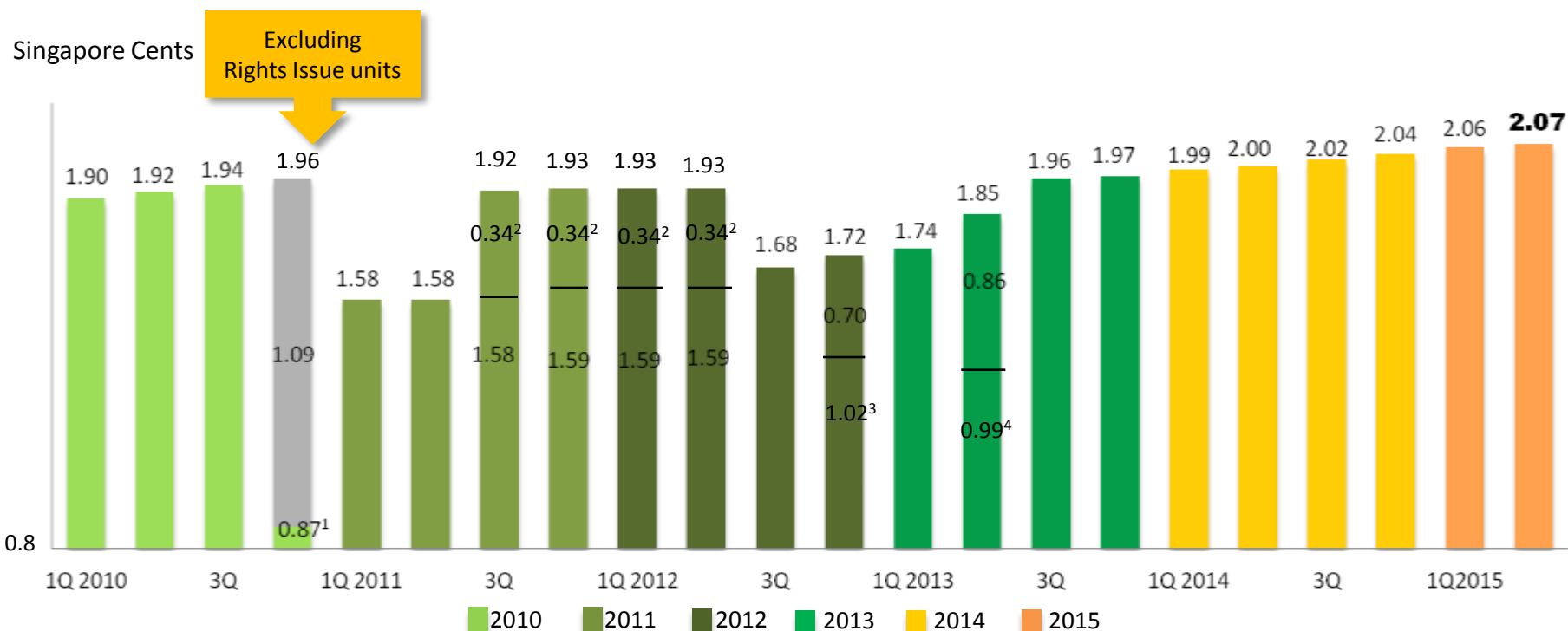
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# STEADY GROWTH IN QUARTERLY DPU



(1) Actual paid for FY 2010 and the distribution per unit in 4Q 2010 was based on the enlarged unit base as a result of the rights issue in December 2010

(2) The other gain distribution ("other gain") is the gain on divestment of the Adam Road property recognised in 1Q 2011, and was paid in 3Q 2011, 4Q 2011, 1Q 2012 and 2Q 2012

(3) The advance distribution of 1.02 cents per unit for the period from 1 Oct to 25 Nov 2012 was paid on 26 Dec 2012 and calculated based on applicable number of units in issue as at 25 Nov 2012

(4) The advance distribution of 0.99 cents per unit for the period from 1 Apr to 21 May 2013 was paid on 26 Jun 2013 and calculated based on applicable number of units in issue as at 21 May 2013

# STRONG CASH DISTRIBUTION MODEL

First REIT has maintained a payout policy of 100% of taxable income since listing in Dec 2006

Period	1 April 2015 to 30 June 2015
<b>Distribution Per Unit</b>	<b>2.07¢</b>
- Taxable	0.07¢
- Tax-Exempt	1.09¢
- Capital	0.91¢

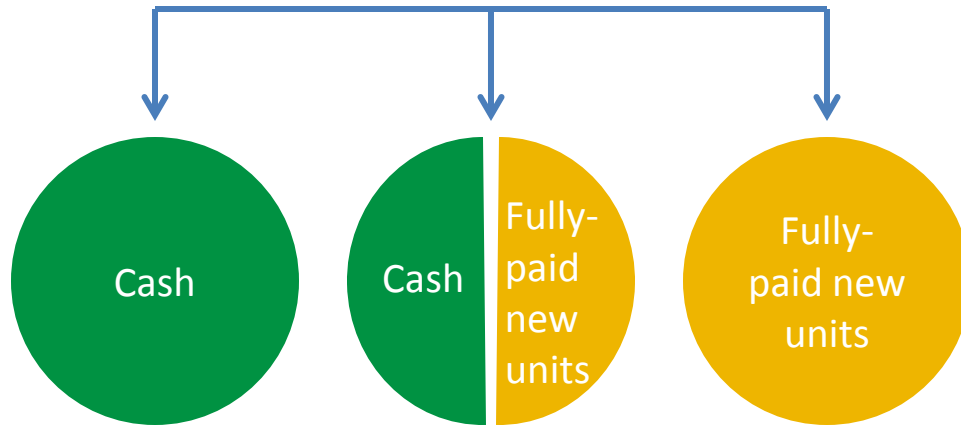
Distribution Time Table	
Last trading day quoted on a “cum” distribution basis	23 July 2015
Ex-dividend date	24 July 2015
Book Closure Date	28 July 2015 at 5.00 pm
Announcement of Issue Price for DRP Units	28 July 2015
Submission of DRP Notice of Election and Tax Declaration Forms	17 August 2015 at 5.00 pm
Distribution Payment Date	28 August 2015
Listing of DRP Units	28 August 2015

# DISTRIBUTION REINVESTMENT PLAN



Distribution

Options for First REIT Unitholders



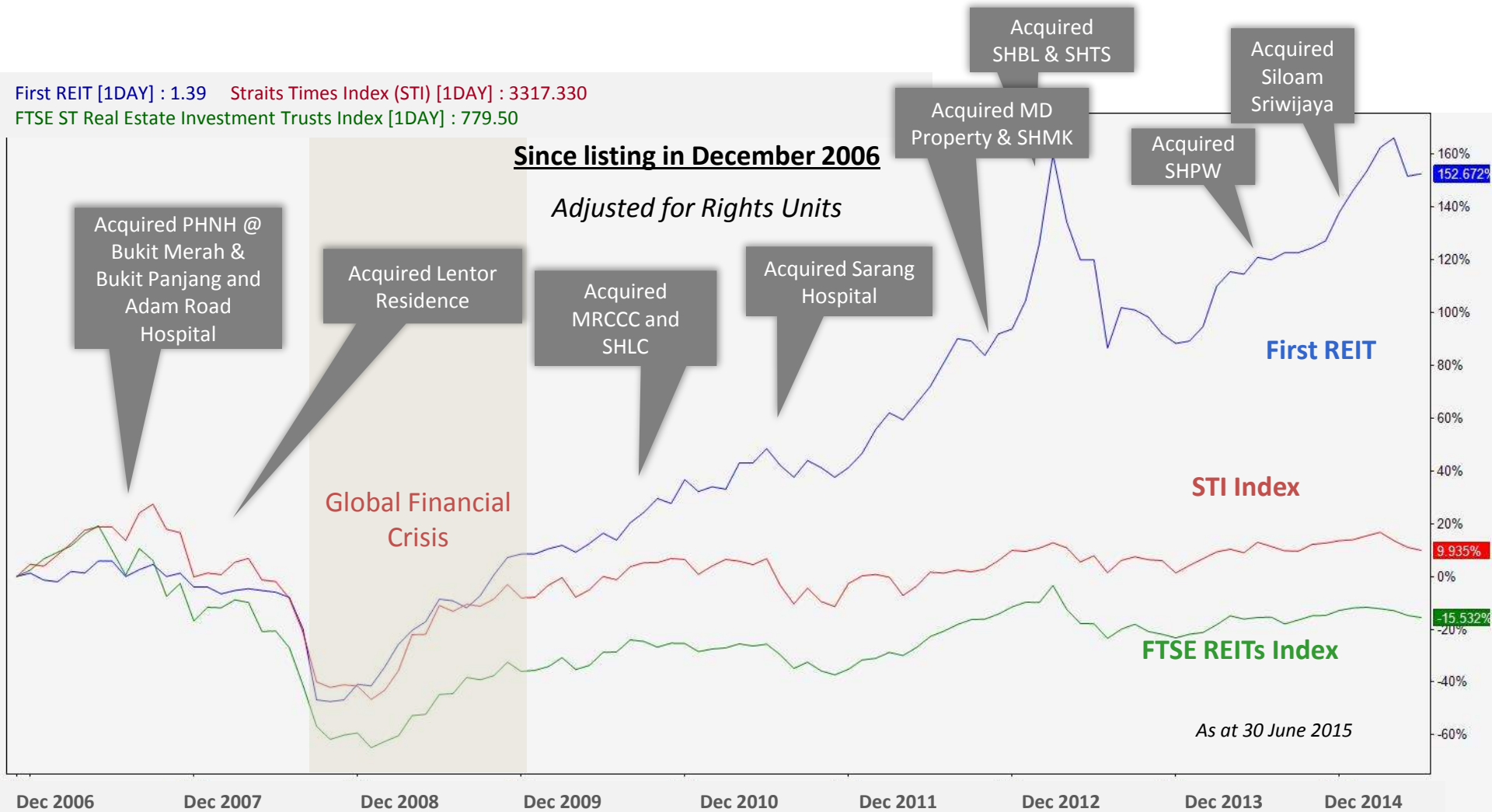
- Unitholders will be able to increase their unitholdings in First REIT without incurring brokerage fees, stamp duties (if any), and other related costs
- The issue of new Units in lieu of cash distributions will serve to enlarge First REIT's capital base
- The cash retained thereof will strengthen First REIT's working capital to fund future growth and expansion

# FIRST REIT vs BENCHMARK INDICES

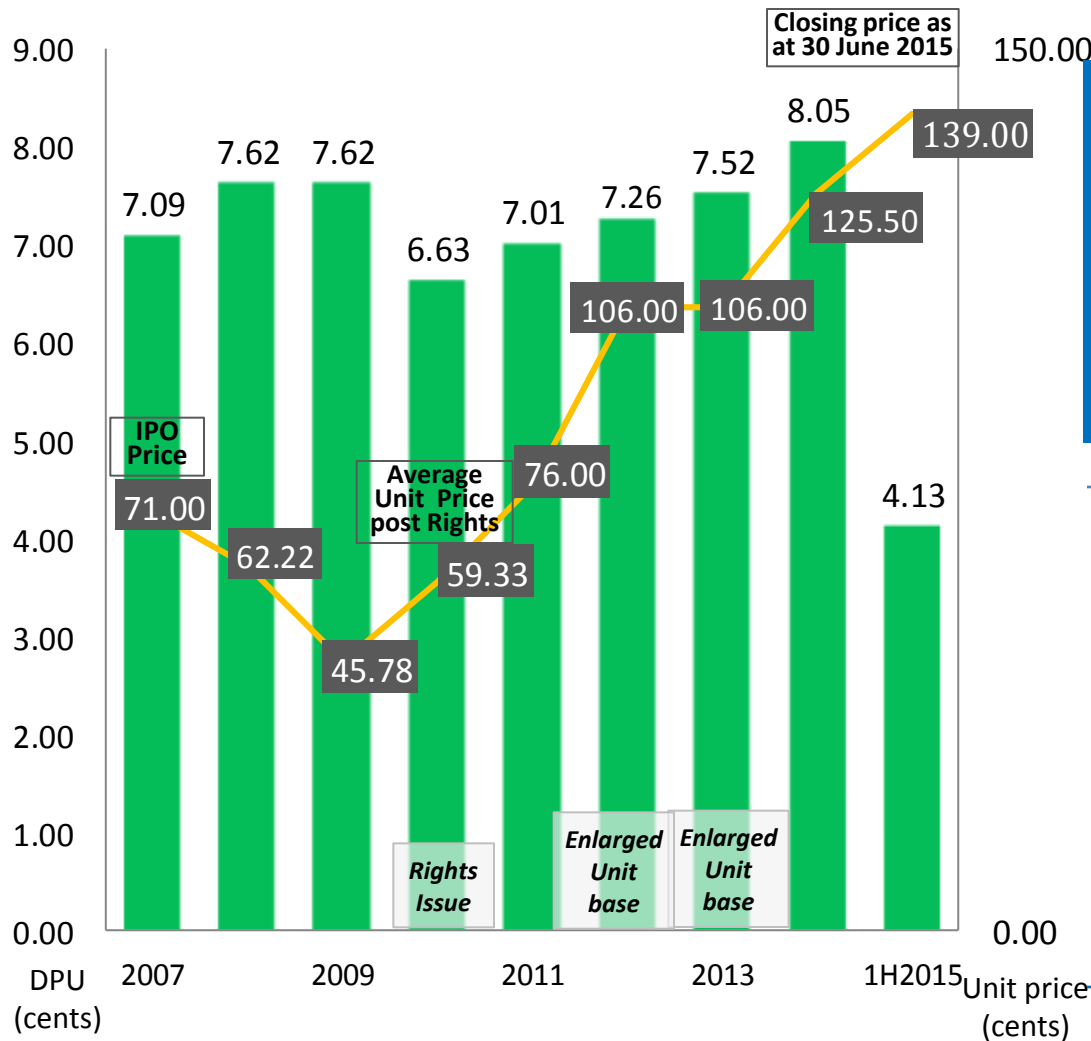
First REIT [1DAY] : 1.39   Straits Times Index (STI) [1DAY] : 3317.330  
 FTSE ST Real Estate Investment Trusts Index [1DAY] : 779.50

**Since listing in December 2006**

*Adjusted for Rights Units*



# % OF TOTAL RETURN - YTD & ANNUALISED



DPU Return: FY 2007 to YTD : **62.93 cents**  
 Return on Average Unit Price : **79.67 cents**  
 Total return to date : **142.60 cents**  
*Average Unit Price post Rights = (71.00 x 4 + 50.00 x 5)/9 = 59.33*

## Illustration of First REIT's Unit Value since IPO

- Total amount invested (assumes S\$1,000 of First REIT Units at IPO and subscription to Rights Units) : S\$1,880.28
- Total worth of Investment (including Dividends from IPO to YTD) : S\$5,889.33
- Annualised total return<sup>1</sup> : **24.9%**

<sup>1</sup> Assumes Unitholder owned First REIT Units at the IPO price of S\$0.71 per unit and fully subscribed for the 5-for-4 Rights Issue at S\$0.50 per unit in 2010. The annualised total return will vary for investors who purchased Units in the secondary market at a market price that differs from the IPO price of S\$0.71 per unit and/or who did not fully subscribe for the 5-for-4 rights issue in 2010.



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# ALL S\$ LOANS ARE ON FIXED RATE BASIS

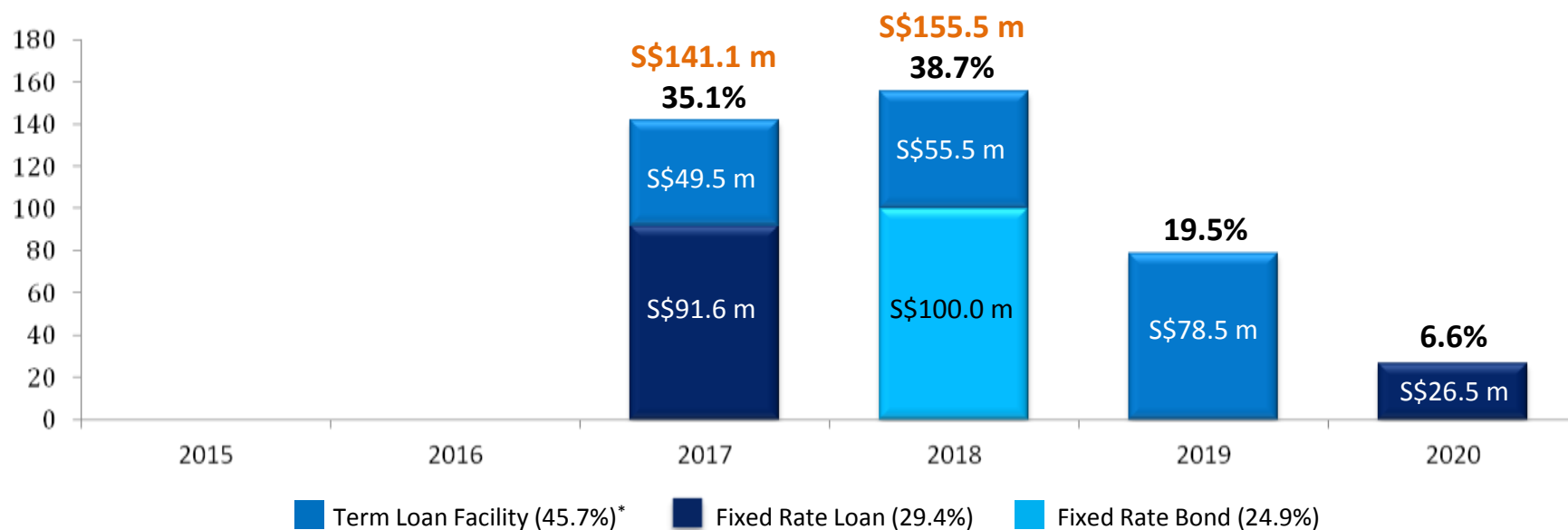
To mitigate the impact of interest rate fluctuations, 95.3% of First REIT's debt is on a fixed rate basis

	As at 30 Jun 2015	As at 31 Dec 2014
Total Debt <sup>(1)</sup>	S\$401.6 million	S\$401.3 million
Gearing Ratio	32.9%	33.1%

<sup>(1)</sup> before transaction costs

## Debt Maturity Profile

S\$ Millions



\* Term loan amount of S\$164.8 million is hedged using interest rate swap as at 15 January 2015



# HEALTHY BALANCE SHEET WITH STRONG FINANCIAL POSITION

S\$'000	As at 30 Jun 2015	As at 31 Dec 2014
<b>ASSETS</b>		
Non-current	1,173,220	1,172,610
Current	48,407	39,775
<b>Total</b>	<b>1,221,627</b>	<b>1,212,385</b>
<b>LIABILITIES</b>		
Non-current	425,918	399,193
Current	36,609	68,242
<b>Total</b>	<b>462,527</b>	<b>467,435</b>
<hr/>		
Unitholders' Funds	759,100	744,950
NAV/unit	101.94¢	101.81¢



# FIRST REIT

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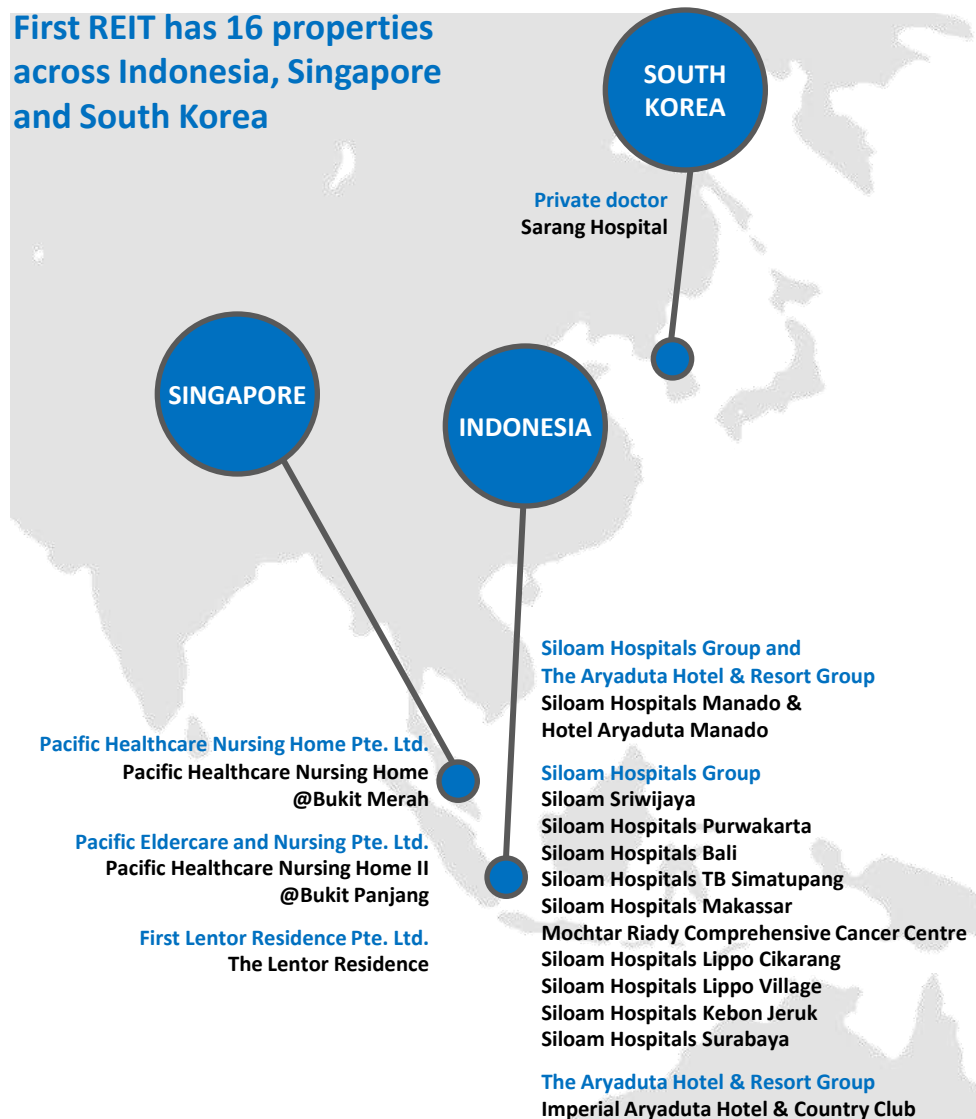
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# CURRENT PORTFOLIO: 16 PROPERTIES ACROSS 3 REGIONS

First REIT has 16 properties across Indonesia, Singapore and South Korea



**S\$1,172 m**

Total Assets-Under-Management

**10.8 years<sup>1</sup>**

Weighted Average Lease Expiry

**251,339 sqm**

Total Assets-Under-Management

**100%**

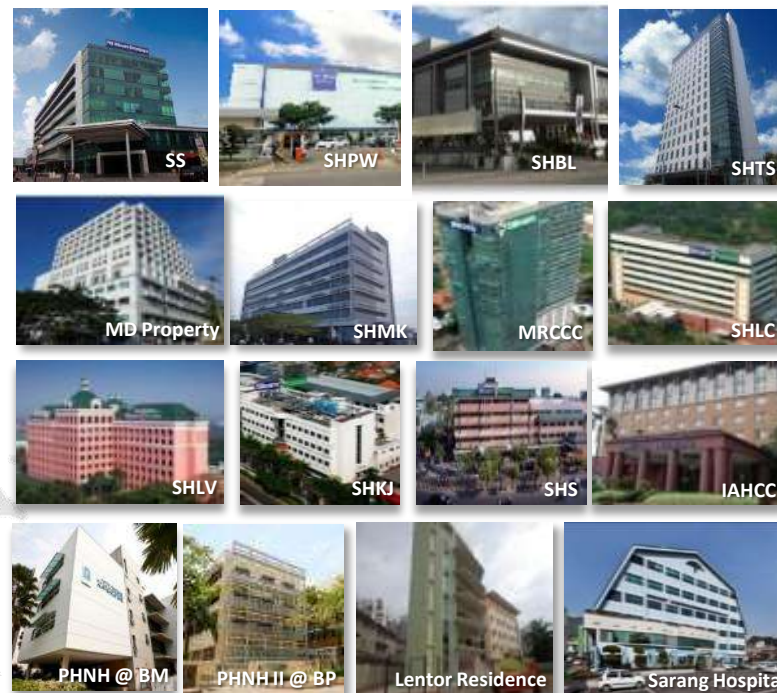
Total Committed Occupancy

**4,224**

Maximum number of beds/ saleable rooms

**10-15 years**

Long Lease terms with step up escalation



<sup>1</sup> As at 30 June 2015, the Weighted Average Lease Expiry of the portfolio is 10.8 years

# PORTFOLIO VALUATION SINCE IPO

Property	Valuation since IPO (S\$m)									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	%
<b>Indonesia</b>										
Siloam Hospitals Lippo Village	132.5	139.0	138.5	146.8	147.3	153.8	158.1	158.2	162.1	13.8%
Siloam Hospitals Kebon Jeruk	71.2	75.1	74.1	81.2	82.0	85.9	88.4	90.3	91.9	7.8%
Siloam Hospitals Surabaya	23.6	25.8	26.2	27.4	29.7	30.9	31.7	32.6	33.2	2.8%
Imperial Aryaduta Hotel & Country Club	29.8	31.8	32.2	30.9	34.1	35.5	36.4	38.7	42.1	3.6%
Mochtar Riady Comprehensive Cancer Centre	-	-	-	-	216.0	217.5	223.3	240.1	253.2	21.6%
Siloam Hospitals Lippo Cikarang	-	-	-	-	41.3	41.3	42.9	45.4	46.0	3.9%
Siloam Hospitals Manado & Hotel Aryaduta Manado	-	-	-	-	-	-	96.5	100.2	104.2	8.9%
Siloam Hospitals Makassar	-	-	-	-	-	-	66.8	70.5	72.3	6.2%
Siloam Hospitals Bali	-	-	-	-	-	-	-	117.1	121.6	10.4%
Siloam Hospitals TB Simatupang	-	-	-	-	-	-	-	112.1	116.5	9.9%
Siloam Hospitals Purwakarta	-	-	-	-	-	-	-	-	38.1	3.3%
Siloam Sriwijaya	-	-	-	-	-	-	-	-	43.8 <sup>(1)</sup>	3.7%
<i>Subtotal</i>	<u>257.1</u>	<u>271.7</u>	<u>271.0</u>	<u>286.3</u>	<u>550.4</u>	<u>564.9</u>	<u>744.1</u>	<u>1,005.2</u>	<u>1,125.0</u>	<u>96.0%</u>
<b>Singapore</b>										
Pacific Healthcare Nursing Home @ Bukit Merah	-	12.6	12.0	11.4	11.1	11.0	10.8	10.7	10.5	0.9%
Pacific Healthcare Nursing Home II @ Bukit Panjang	-	11.5	11.4	11.1	11.0	11.0	10.7	10.8	10.6	0.9%
The Lentor Residence	-	13.1	13.0	12.5	12.1	14.0	16.8	17.6	17.6	1.5%
<i>Subtotal</i>	-	<u>37.2</u>	<u>36.4</u>	<u>35.0</u>	<u>34.2</u>	<u>36.0</u>	<u>38.3</u>	<u>39.1</u>	<u>38.7</u>	<u>3.3%</u>
<b>South Korea</b>										
Sarang Hospital	-	-	-	-	-	17.1 <sup>(2)</sup>	14.3 <sup>(2)</sup>	8.0 <sup>(2)</sup>	8.3 <sup>(2)</sup>	0.7%
<b>Grand Total</b>	<b><u>257.1</u></b>	<b><u>308.9</u></b>	<b><u>307.4</u></b>	<b><u>321.3</u></b>	<b><u>584.6</u></b>	<b><u>618.0</u></b>	<b><u>796.7</u></b>	<b><u>1,052.3</u></b>	<b><u>1,172.0</u></b>	<b><u>100%</u></b>

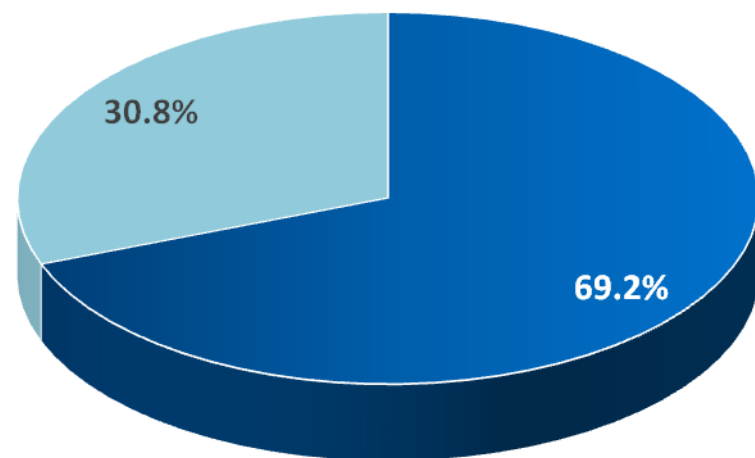
<sup>(1)</sup> Based on the valuation by Winarta & Rekan in association with Jones Lang LaSalle, appraised as at 1 October 2014

<sup>(2)</sup> Based on the exchange rate of US\$1=S\$1.2940 (as at 28 December 2011), US\$1=S\$1.2224 (as at 31 December 2012), US\$1=S\$1.2645 (as at 31 December 2013), US\$1=S\$1.3214 (as at 31 December 2014)

# WEIGHTED AVERAGE LEASE EXPIRY OF 10.8 YEARS

Master Lease	Expiry
Sarang Hospital	Aug 2021
Siloam Hospitals Lippo Village	Dec 2021
Siloam Hospitals Kebon Jeruk	Dec 2021
Siloam Hospitals Surabaya	Dec 2021
Imperial Aryaduta Hotel & Country Club	Dec 2021
Mochtar Riady Comprehensive Cancer Centre	Dec 2025
Siloam Hospitals Lippo Cikarang	Dec 2025
Pacific Healthcare Nursing Home @ Bukit Merah	Apr 2027
Pacific Healthcare Nursing Home II @ Bukit Panjang	Apr 2027
The Lentor Residence	Jun 2027
Siloam Hospitals Manado & Hotel Aryaduta Manado	Nov 2027
Siloam Hospitals Makassar	Nov 2027
Siloam Hospitals Bali	May 2028
Siloam Hospitals TB Simatupang	May 2028
Siloam Hospitals Purwakarta	May 2029
Siloam Sriwijaya	Dec 2029

Lease expiry profile as % of GFA



■ More than 10 years      ■ Within 10 years

# LEASE STRUCTURES ENSURE CONSISTENT RETURNS

## Stable, long-term master leases: 10 – 15 years per property

Indonesia and Singapore properties' rental: **SGD**

- Forex volatility is mitigated by pegging base rent to SGD

South Korea property rental: **USD**

## Resilient rental structure in place

### Indonesia

- Fixed base rental
- **Annual base rental escalation** (2x percentage increase of Singapore CPI, capped at 2%)
- Additional **variable rental growth component** as a function of total gross revenue of Indonesian assets

### Singapore | South Korea

- Fixed base rental
- **Annual increment** of 2%

## Triple-Net Leases

During the term of each of the Master Lease Agreements, the Master Lessee will bear all operating costs relating to the Properties, including:-

- ▶ **Maintenance**
- ▶ **Certain taxes**
- ▶ **Insurance**



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# CONTINUE ACQUISITION OF YIELD ACCRETIVE ASSETS

## First REIT's potential pipeline for future acquisitions and AEs

### Indonesia

#### Strong sponsor in Indonesia with healthy pipeline

- ▶ Right of First Refusal to LK's healthcare properties
- ▶ LK has 20 hospitals under Siloam Hospitals network
- ▶ 46 hospitals in the pipeline
- ▶ Nationally and internationally accredited
- ▶ Transformational hospital group scale-up to US\$3.5 billion in 5 years
- ▶ Other pipeline properties:
  - Siloam Hospitals Bandung, West Java
  - Siloam Hospitals Semarang, Central Java
  - Siloam Hospitals Kendari, South East Sulawesi
  - Siloam Hospitals Pluit, North Jakarta
  - Siloam Hospitals Kemang, South Jakarta
  - Siloam Hospitals Cempaka Putih, Central Jakarta
  - BIMC Hospital Kuta, Bali<sup>(1)</sup>
  - BIMC Hospital Nusa Dua, Bali<sup>(1)</sup>

#### Potential Asset Enhancement Initiatives (AEIs)

- ▶ **Siloam Hospitals Surabaya (SHS), East Java**
- ▶ **Siloam Hospitals Lippo Cikarang (SHLC), East Jakarta**
- ▶ Siloam Hospitals Kebon Jeruk (SHKJ), West Jakarta
- ▶ Imperial Aryaduta Hotel & Country Club (IAHCC), Lippo Village Tangerang
- ▶ Nursing homes
- ▶ Other quality and yield-accretive healthcare-related assets in Asia

### Singapore & Other Markets

#### Pipeline properties

**Siloam Hospitals Balikpapan**



**East Kalimantan**  
• 232 beds

**Siloam Hospitals Jambi**



**East Sumatra**  
• 100 beds

**Siloam Hospitals Asri**



**South Jakarta**  
• 43 beds

**Siloam Hospitals Medan**



**North Sumatra**  
• 350 beds

**Siloam Hospitals Kupang**



**East Nusa Tenggara**  
• 405 beds

**Siloam Hospitals Yogyakarta**



**Central Java**



# OPTIONS FOR FUTURE DEBT & EQUITY

## Debt

- Secured Term Loans
- Medium Term Notes (MTN)
- Bonds



## Equity

- Private Placement
- Payment to Vendor
- Perpetual
- Distribution Reinvestment Plan

# THANK YOU Q&As



# APPENDICES



## 1 Property Details

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# FIRST REIT PROPERTY: INDONESIA



Siloam Sriwijaya



Siloam Hospitals  
Purwakarta



Siloam Hospitals  
Bali



Siloam Hospitals  
TB Simatupang

Type	Hospital	Hospital	Hospital	Hospital
Centre of Excellence	Emergency, Trauma	Emergency, Trauma	Trauma, Orthopaedics, Cardiology	Trauma, Cardiology, Oncology, Neuroscience
Land Area	--	7,990 sqm	9,025 sqm	2,489 sqm
Gross Floor Area	15,709 sqm <sup>(1)</sup>	8,254 sqm	20,958 sqm	18,605 sqm
Purchase Price	S\$39.16 m	S\$31.0 m	S\$97.3 m	S\$93.1 m
Appraised Value	S\$43.79 m <sup>(2)</sup>	S\$38.1 m	S\$121.6 m	S\$116.5 m
Max no. of Beds / Saleable rooms	347	203	295	271
Year of Building Completion	2012	2005 & 2008	2012	2013
Lease Commencement Date	29 December 2014	28 May 2014	13 May 2013	22 May 2013
Lease Terms	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
Lease Expiry Date	28 December 2029	27 May 2029	12 May 2028	21 May 2028

<sup>(1)</sup> The strata floor area of Siloam Sriwijaya is 15,709 sqm

<sup>(2)</sup> Appraised as at 1 October 2014 by KJPP Winarta & Rekan in association with Jones Lang LaSalle

# FIRST REIT PROPERTY: INDONESIA



**Siloam Hospitals  
Manado and Hotel  
Aryaduta Manado**



**Siloam Hospitals  
Makassar**



**Mochtar Riady  
Comprehensive  
Cancer Centre**



**Siloam Hospitals  
Lippo Cikarang**

<b>Type</b>	Integrated Hospital & Hotel	Hospital	Hospital	Hospital
<b>Centre of Excellence</b>	Trauma	Trauma, Cardiology	Oncology Digestive Unit	Urology, Internal Medicine, Trauma
<b>Land Area</b>	5,518 sqm	3,963 sqm	4,145 sqm	9,900 sqm
<b>Gross Floor Area</b>	36,051 sqm	14,307 sqm	37,933 sqm	11,125 sqm
<b>Purchase Price</b>	S\$83.6 m	S\$59.3 m	S\$170.5 m	S\$35.0 m
<b>Appraised Value</b>	S\$104.2 m	S\$72.3 m	S\$253.2 m	S\$46.0 m
<b>Max no. of Beds / Saleable rooms</b>	224 beds / 200 rooms	416	375	126
<b>Year of Building Completion</b>	2011	2012	2010	2002
<b>Lease Commencement Date</b>	30 Nov 2012	30 Nov 2012	30 Dec 2010	31 Dec 2010
<b>Lease Terms</b>	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	29 Nov 2027	29 Nov 2027	29 Dec 2025	30 Dec 2025

# FIRST REIT PROPERTY: INDONESIA



**Siloam Hospitals  
Lippo Village**



**Siloam Hospitals  
Kebon Jeruk**



**Siloam Hospitals  
Surabaya**



**Imperial Aryaduta  
Hotel & Country Club**

<b>Type</b>	Hospital	Hospital	Hospital	Hotel & Country Club
<b>Centre of Excellence</b>	Neuroscience, Cardiology	Urology centre, Orthopaedics	Fertility services, Stroke centre	--
<b>Land Area</b>	17,442 sqm	11,420 sqm	6,862 sqm	54,410 sqm
<b>Gross Floor Area</b>	27,284 sqm	18,316 sqm	9,227 sqm	17,427 sqm
<b>Purchase Price</b>	S\$94.3 m	S\$50.6 m	S\$16.8 m	S\$21.2 m
<b>Appraised Value</b>	S\$162.1 m	S\$91.9 m	S\$33.2 m	S\$42.1 m
<b>Max no. of Beds / Saleable rooms</b>	260	201	160	197
<b>Year of Building Completion</b>	1995	1991	1977	1994
<b>Lease Commencement Date</b>	11 Dec 2006	11 Dec 2006	11 Dec 2006	11 Dec 2006
<b>Lease Terms</b>	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years	15 years with option to renew for 15 years
<b>Lease Expiry Date</b>	10 Dec 2021	10 Dec 2021	10 Dec 2021	10 Dec 2021

# FIRST REIT PROPERTY: SINGAPORE & SOUTH KOREA



**Pacific Healthcare Nursing Home @ Bukit Merah**



**Pacific Healthcare Nursing Home II @ Bukit Panjang**



**The Lentor Residence**



**Sarang Hospital**

Type	Nursing Home	Nursing Home	Nursing Home	Hospital
Land Area	1,984 sqm	2,000 sqm	2,486 sqm	2,142 sqm
Gross Floor Area	3,593 sqm	3,563 sqm	4,005 sqm	4,982 sqm
Purchase Price	S\$11.8 m	S\$11.5 m	S\$12.8 m	US\$13.0 m
Appraised Value	S\$10.5 m	S\$10.6 m	S\$17.6 m	US\$6.3 m
Max no. of Beds / Saleable rooms	259	265	208	217
Year of Building Completion	2004	2006	1999 & 2013 (new extension building)	2010
Lease Commencement Date	11 Apr 2007	11 Apr 2007	8 June 2007	5 Aug 2011
Lease Terms	10 years with option to renew for 10 years (Tenant has exercised the option)	10 years with option to renew for 10 years (Tenant has exercised the option)	10 years with option to renew for 10 years (Tenant has exercised the option)	10 years with option to renew for 10 years
Lease Expiry Date	10 Apr 2027	10 Apr 2027	7 June 2027	4 Aug 2021