

**FIRST REIT**  
FIRST REAL ESTATE INVESTMENT TRUST



# 2Q 2009 Financial Results

Capitalising on the defensive  
healthcare sector  
*23 July 2009*

# Disclaimer

Investors are advised to read this presentation in conjunction with the 2009 Second Quarter Unaudited Financial Statements & Distribution Announcement made by First REIT in SGXNET.

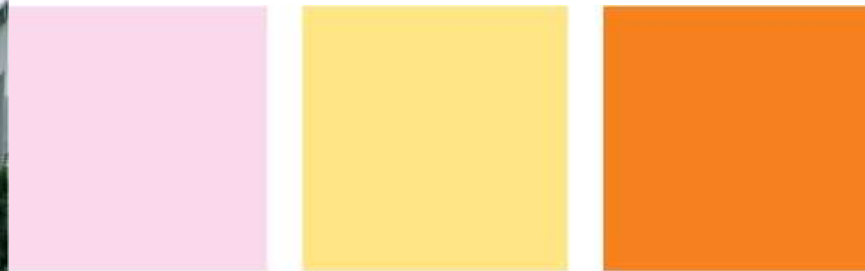
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This presentation may contain forward-looking statements that involve assumptions, risks and uncertainties based on the Manager’s current view of future events. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of risks, uncertainties and assumptions – representative examples include, without limitation, general economic and industry conditions, interest rate trends, cost of capital, capital availability, shifts in expected levels of property rental income, change in operating expenses, property expenses and government and public policy changes and continued availability of financing in the amounts and the terms necessary to support future business.

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



1. 2Q 2009 review
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# 2Q 2009 review

## Key financial highlights for second quarter ended 30 June 2009

### Highlights

#### NPI

- 2Q 2009 NPI of S\$7.4 m
- Stable NPI y-o-y

#### DPU

- 2Q 2009 DPU of 1.92 cents
- 0.5% higher y-o-y

#### Distributable Income

- 2Q 2009 distributable income at S\$5.3 m
- 1.5% higher y-o-y

#### Distribution Yield

- 11.3%  
(based on closing price of S\$0.675 on 21 July 2009)

#### Distribution yield higher than 2Q 2008

- ▶ 4.6% rise in distribution yield with NAV at 92.82¢ for the quarter

#### Property operating expenses increased to S\$93,000 from S\$47,000

- ▶ Mainly due to provision made for repair and replacement works for its four Indonesian properties

#### Finance costs for 2Q 2009 dipped 17.8% to S\$398,000

- ▶ Mainly due to lower interest cost

# Financial performance

## 2Q 2009 financial summary

In S\$'000	2Q 2009	2Q 2008	Change	1H 2009	1H 2008	Change
Gross Revenue	<b>7,498</b>	7,466	↑0.4%	<b>14,904</b>	14,842	↑0.4%
Net Property Income	<b>7,405</b>	7,419	↓0.2%	<b>14,725</b>	14,748	↓0.2%
Distributable Amount	<b>5,282</b>	5,206	↑1.5%	<b>10,465</b>	10,262	↑2.0%
Distribution Per Unit						
• For the period	<b>1.92¢</b>	1.91¢	↑0.5%	<b>3.80</b>	3.76	↑1.1%
• Annualised	<b>7.66¢</b>	*7.62¢	↑0.5%	<b>7.66</b>	*7.62	↑0.5%
Distribution Yield <b>S\$0.675 per unit</b> (Closing price as at 21 Jul 2009)	<b>11.3%</b>	**10.8%	↑4.6%	<b>11.3%</b>	**10.8%	↑4.6%

\*Actual paid for FY 2008

\*\* Based on closing price of S\$0.705 as at 18 Jul 2008

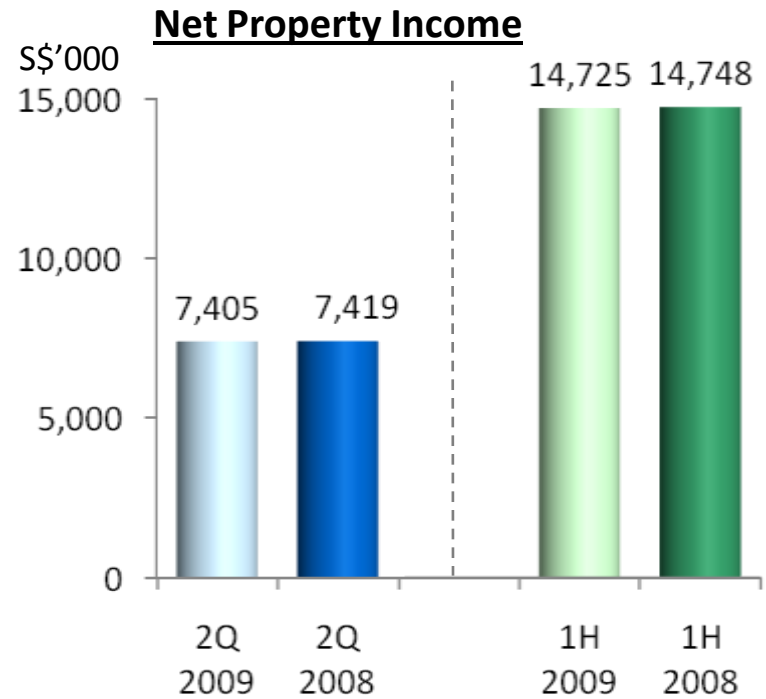
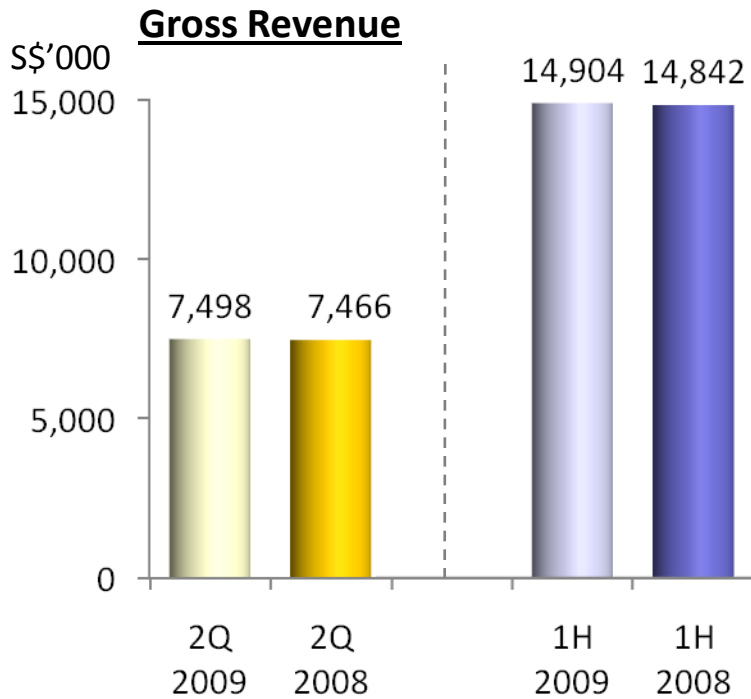
- ⚙ Distribution per unit for the quarter up by 0.5%
- ⚙ Based on 274,694,790 issued units as at 30 June 2009



# Gross revenue & net property income

**Steady rental structure:**

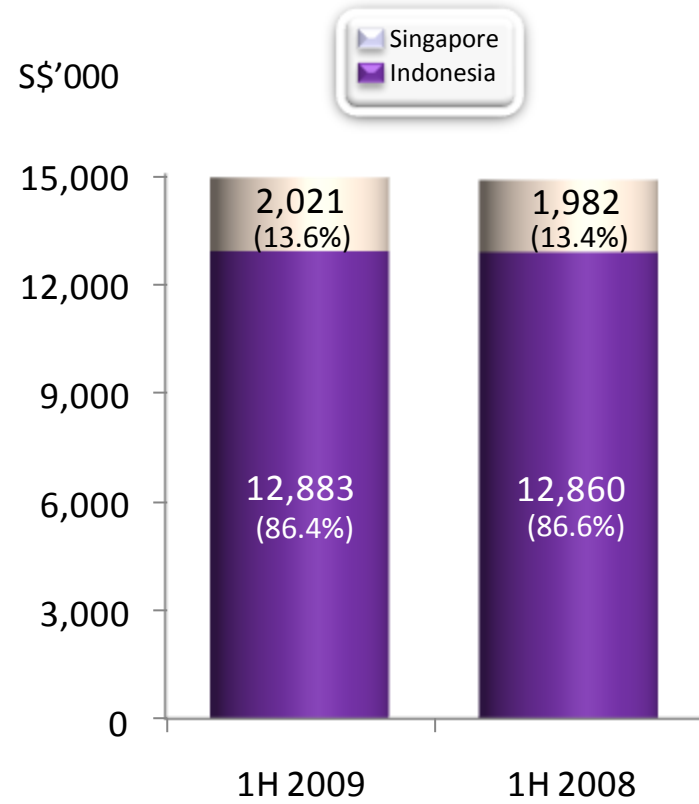
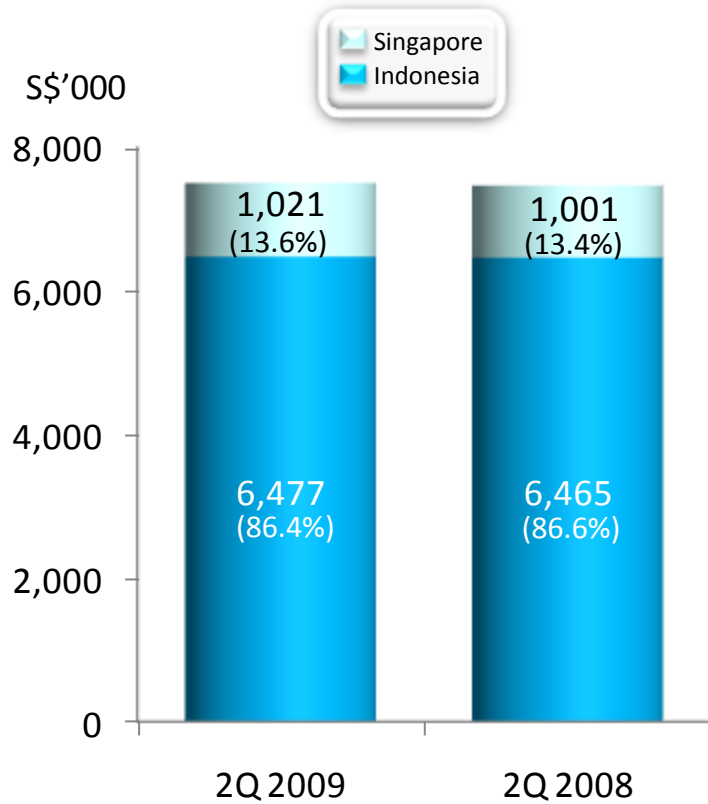
- ▶ Fixed yearly rental increment for Singapore properties; base (2x percentage increase of Singapore CPI) plus variable components (function of turnover growth) for Indonesia properties



- ⚙ Rental was maintained for the 4 Indonesia properties and 4 Singapore properties
- ⚙ Long term leases denominated in Singapore dollars

# Rental income: breakdown by geography

Proportion of contributions from Indonesian and Singaporean properties remains consistent and stable



# Corporate developments

## Continued focus on upgrades & asset enhancements

An ongoing effort to provide higher quality care and service

### ⚙ Singapore

- Submitted plans to the relevant authorities for comprehensive asset enhancement works for Adam Road Hospital, expects to receive written approval by the 4<sup>th</sup> quarter of 2009
- Plans are also being proposed for extension works to Lentor Residence
- Continue its on-going review of the financial attractiveness of various projects in the pipeline, such as Tech-Link healthcare logistics and distribution centre which is expected to be built by end of the 3<sup>rd</sup> quarter of 2009



### ⚙ Indonesia

- Indonesian hospitals continue to show strong growth of over 20%, reflecting the continued demand for quality healthcare
- Ongoing upgrades and improvements are also being made in Siloam Hospitals Lippo Village, Siloam Hospitals Kebon Jeruk and Siloam Hospitals Surabaya





# Corporate developments

No short-term refinancing needs until 2012

- April 2009: Secured 3-year S\$70 million multi-currency transferable term loan facility from Oversea-Chinese Banking Corporation Limited

- Funds primarily used to refinance outstanding bank loans of S\$50.8 million, and balance for funding the re-development of Adam Road Hospital

Tenure	3 years from date of drawdown
Interest rate	Bank's swap cost + interest margin of 3.5% per annum
Properties mortgaged	First REIT's existing property portfolio; any new properties acquired under the loan facility will also be mortgaged to the Bank

## Projected Impact on DPU

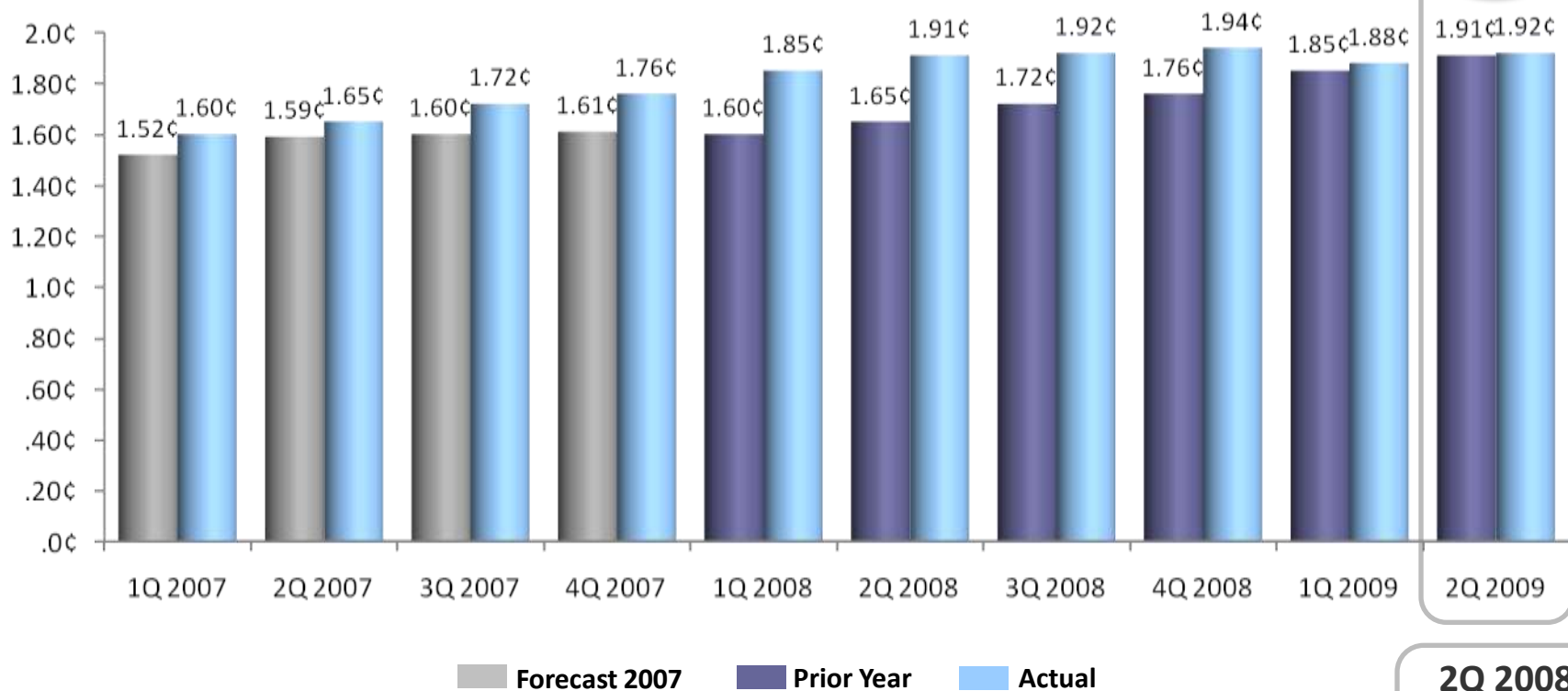
First REIT's distribution will be reduced by approximately 0.35 cent per unit per annum or 4.6% based on FY2008 DPU of 7.62 cents per unit due to higher interest cost and assuming no change in other annual escalation components.



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# Strong & consistent DPU growth

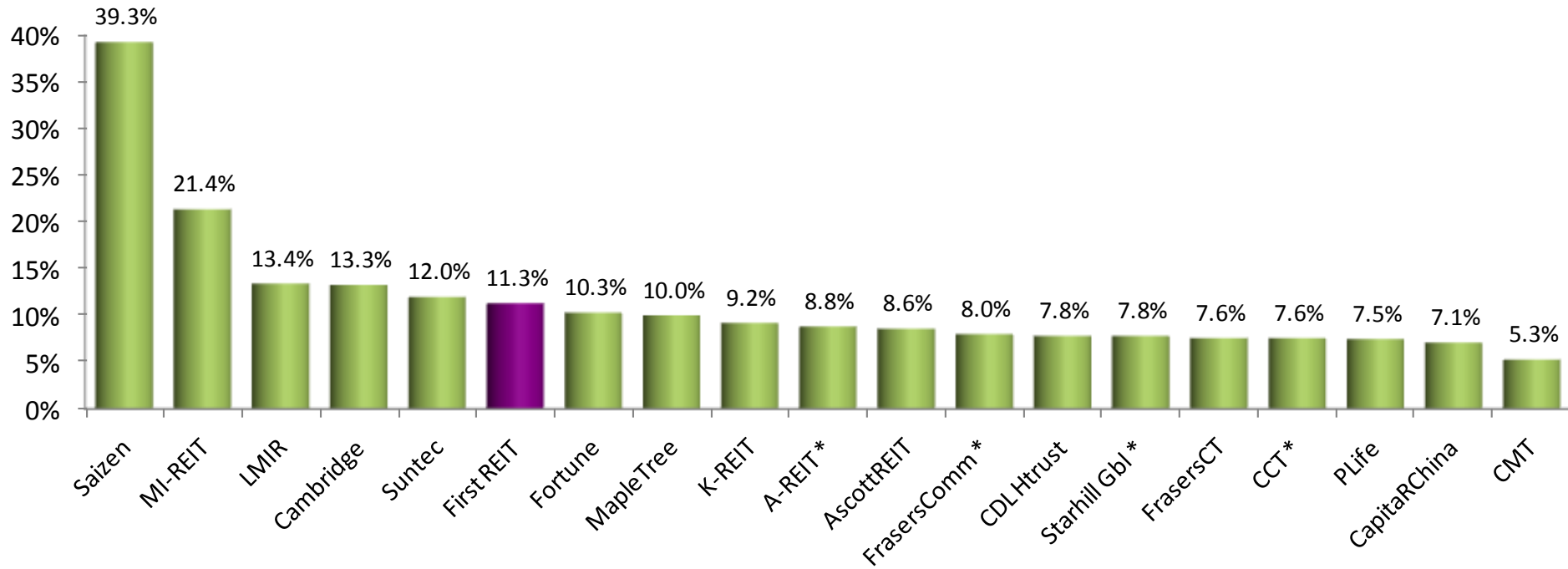


↑ 0.5%

2Q 2008  
vs  
2Q 2009



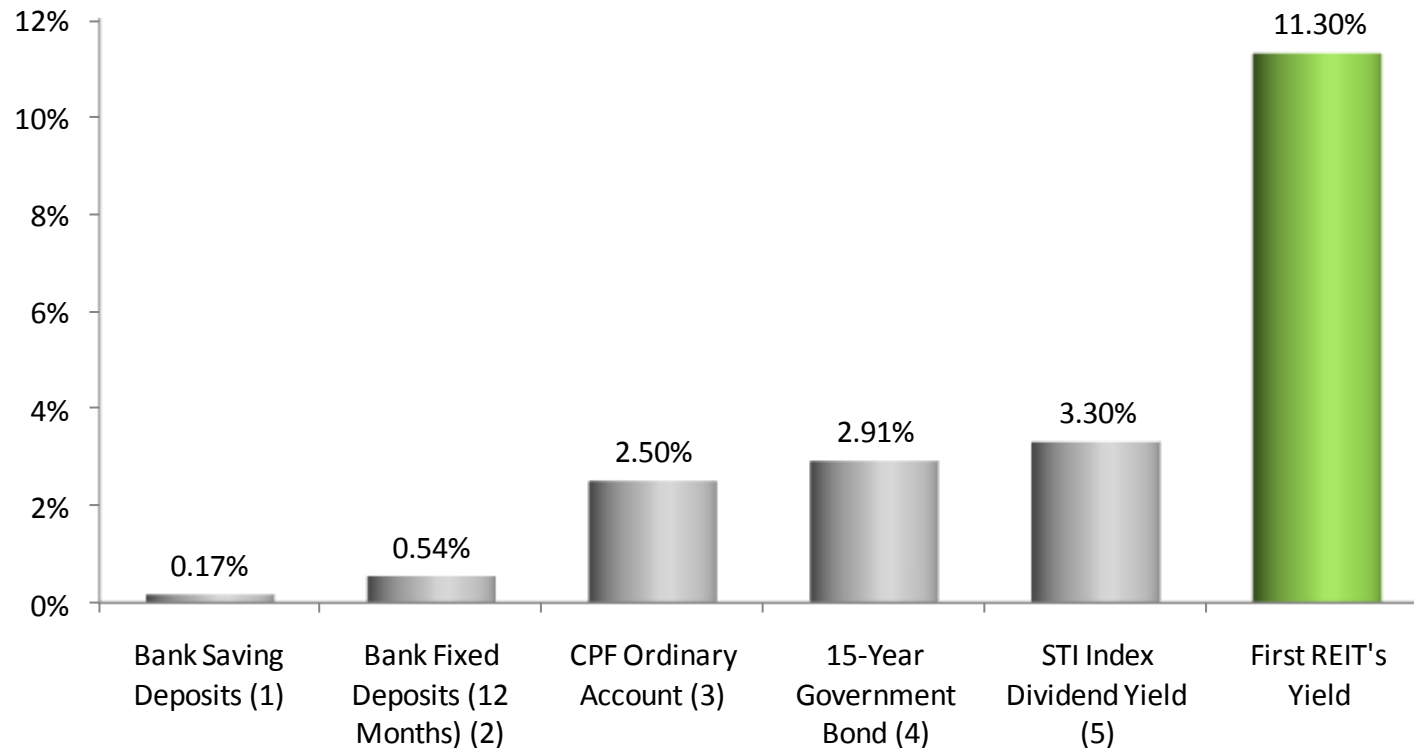
# Yield comparison



■ First REIT yield: based on the closing price of S\$0.675 on 21 July 2009

\* Yield adjusted for rights issue/new share placement

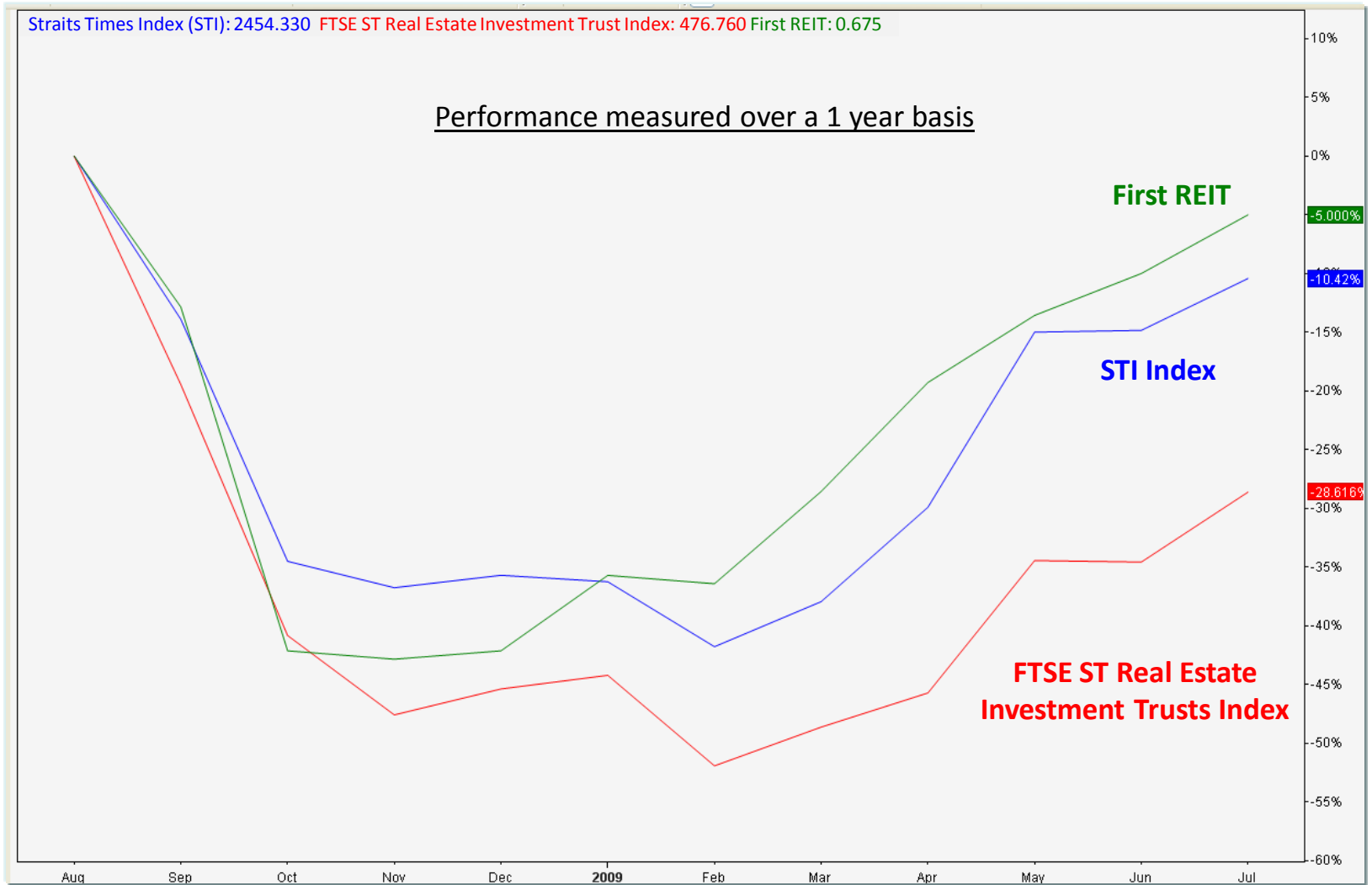
# Yield comparison



**Note:**

- (1) Interest rate for bank savings deposits as at 30 June 2009. Source: MAS website
- (2) Interest rate for bank fixed deposits (12 months) as at 30 June 2009. Source: MAS website
- (3) Interest paid on Central Provident Fund ordinary account for 1 April 2009 to 30 June 2009. Source: CPF website
- (4) Singapore Government Securities bond yield as at 30 June 2009. Source: MAS website
- (5) Based on Bloomberg data as at 21 July 2009
- (6) Based on the closing price of S\$0.675 on 21 July 2009 and annualised DPU of 7.66 Singapore cents

# First REIT vs STI Index vs FTSE ST REIT Index







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# Distribution details

1 Apr 2009 -  
30 Jun 2009

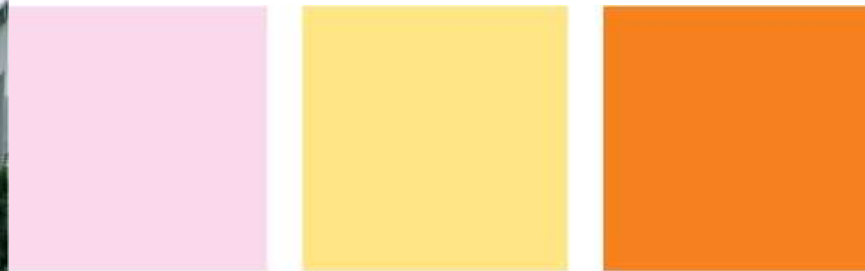
Distribution Per Unit	1.92¢
- Taxable	0.20¢
- Tax-Exempt	1.53¢
- Capital	0.19¢
Book Closure Date	3 Aug 2009
Distribution Payment Date	28 Aug 2009

Since listing in Dec 2006, First REIT has maintained a payout policy of 100% of distributable income

**FOR FY 2009, FIRST REIT IS COMMITTED TO MAINTAINING A 100% DISTRIBUTION PAYOUT**



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# Maintain healthy balance sheet

## ASSETS

In S\$'000	As at 30 Jun 2009	As at 31 Dec 2008
Non-current	324,900	324,900
Current*	13,940	14,647
Total	338,840	339,547

## LIABILITIES

Non-current	73,122	23,092
Current*	10,746	61,357
Total	83,868	84,449
Unitholders' Funds	254,972	255,098
NAV/unit	92.82¢	93.21¢

\* Working capital (current assets less current liabilities) is robust. The new 3-year S\$70 million credit facility was recently successfully secured.

# Low gearing

Conservative debt gearing at 15.6% vs regulatory limit of 35%

	As at 30 Jun 2009	As at 30 Jun 2008
Total Debt *	<b>S\$50.8 million</b>	<b>S\$50.8 million</b>
Interest Cover	<b>16.5 times</b>	<b>13.6 times</b>
Debt-to-Property	<b>15.6%</b>	<b>15.6%</b>

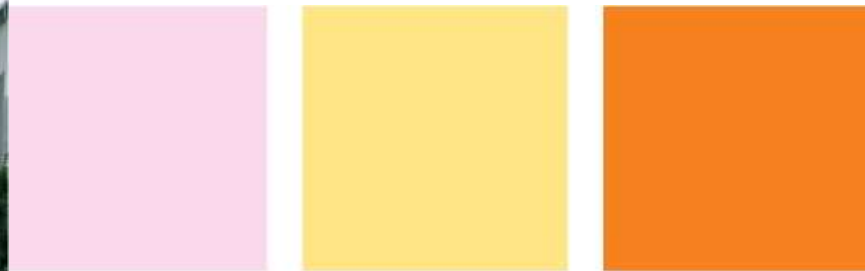
*\* before transaction costs*

- ⚙ Borrowings are secured by property assets
- ⚙ Credit facilities which matured in June 2009 was refinanced by a new 3-year S\$70 million credit facility on 10 June 2009





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# Singapore's first healthcare REIT



Stable  
Long  
Term  
Leases



### Indonesia

- 3 hospital properties with 517 beds
- 1 hotel / country club with 197 saleable rooms

- **15-year lease** with option to renew for 15 years
- Nearest date of renewal: Dec 2021





### Singapore

- 3 nursing homes with 672 beds
- 1 hospital with 35 beds

- **10-year lease** with option to renew for 10 years
- Nearest date of renewals: Apr 2017



# Indonesia

	Siloam Hospitals Lippo Village	Siloam Hospitals Kebon Jeruk	Siloam Hospitals Surabaya	Imperial Aryaduta Hotel & Country Club
				
Type	Hospital	Hospital	Hospital	Hotel & Country Club
Land Area	17,442 sqm	11,420 sqm	6,862 sqm	54,410 sqm
Gross Floor Area ("GFA") <sup>1</sup>	27,284 sqm	18,234 sqm	9,227 sqm	17,427 sqm
Purchase Price	S\$94.3 million	S\$50.6 million	S\$16.8 million	S\$21.2 million
Appraised Value <sup>2</sup>	S\$138.5 million	S\$74.1 million	S\$26.2 million	S\$32.2 million
Annual Rental	S\$12,556,000	S\$7,116,000	S\$2,814,000	S\$3,451,000
No. of Beds / Saleable rooms <sup>3</sup>	170 <sup>4</sup>	187	160	197
No. of Staff <sup>5</sup>	162 full time & part time doctors and 375 nurses & medical staff	156 specialist doctors and 367 nurses & medical staff	71 full time & part time doctors and 201 nurses & medical staff	--
Year of Building Completion	1995	1991	1977	1994
Centre of Excellence	Neuro-science and cardiology	Urology, obstetrics & gynaecology, and gastroenterology	Fertility services	--
Lease Terms	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006	15 years with option to renew for 15 years wef 11 Dec 2006

- 1, 3, 5: As at 26 December 2008
- 2: Appraised by Knight Frank / PT Willson Properti Advisindo as at 26 December 2008
- 4: The full capacity of the hospital is 250 beds

# Singapore

	Pacific Healthcare Nursing Home @ Bukit Merah	Pacific Healthcare Nursing Home II @ Bukit Panjang	The Lantor Residence	Adam Road Hospital
				
<b>Type</b>	Nursing Home	Nursing Home	Nursing Home	Hospital
<b>Land Area</b>	1,984 sqm	2,000 sqm	2,486 sqm	1,818 sqm
<b>Gross Floor Area ("GFA")<sup>1</sup></b>	3,593 sqm	3,563 sqm	2,983 sqm	1,246 sqm
<b>Purchase Price</b>	S\$11.8 million	S\$11.5 million	S\$12.8 million	S\$14.9 million
<b>Appraised Value<sup>2</sup></b>	S\$12.0 million	S\$11.4 million	S\$13.0 million	S\$17.5 million
<b>Annual Rental</b>	S\$934,000	S\$910,000	S\$1,010,000	S\$1,173,000
<b>No. of Beds<sup>3</sup></b>	259	265	148	35
<b>Year of Building Completion</b>	2004	2006	1999	1981
<b>Title</b>	30 years leasehold from 22 Apr 2002	30 years leasehold from 14 May 2003	99 years leasehold from 20 Aug 1938	Freehold
<b>Lease Terms</b>	10 years with option to renew for 10 years wef 11 Apr 2007	10 years with option to renew for 10 years wef 11 Apr 2007	10 years with option to renew for 10 years wef 8 Jun 2007	10 years with option to renew for 10 years wef 23 Jul 2007

- 1, 3: As at 26 December 2008
- 2: Appraised by Colliers International Consultancy & Valuation (Singapore) Pte Ltd as at 26 December 2008

# Portfolio breakdown

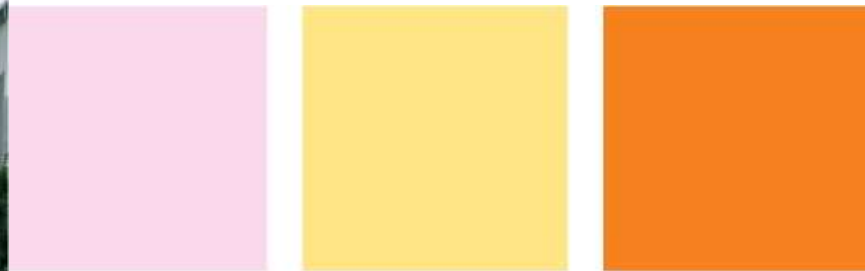
Description	Country	Valuation* (S\$m)	%
Siloam Hospitals Lippo Village	Indonesia	138.5	43%
Siloam Hospitals Kebon Jeruk	Indonesia	74.1	23%
Siloam Hospitals Surabaya	Indonesia	26.2	8%
Imperial Aryaduta Hotel & Country Club	Indonesia	32.2	9%
Subtotal		<u>271.0</u>	<u>83%</u>
Pacific Healthcare Nursing Home @ Bukit Merah	Singapore	12.0	4%
Pacific Healthcare Nursing Home II @ Bukit Panjang	Singapore	11.4	4%
The Lentor Residence	Singapore	13.0	4%
Adam Road Hospital	Singapore	17.5	5%
Subtotal		<u>53.9</u>	<u>17%</u>
Grand Total		<u>324.9</u>	<u>100%</u>

\* Based on valuation dated 26 December 2008



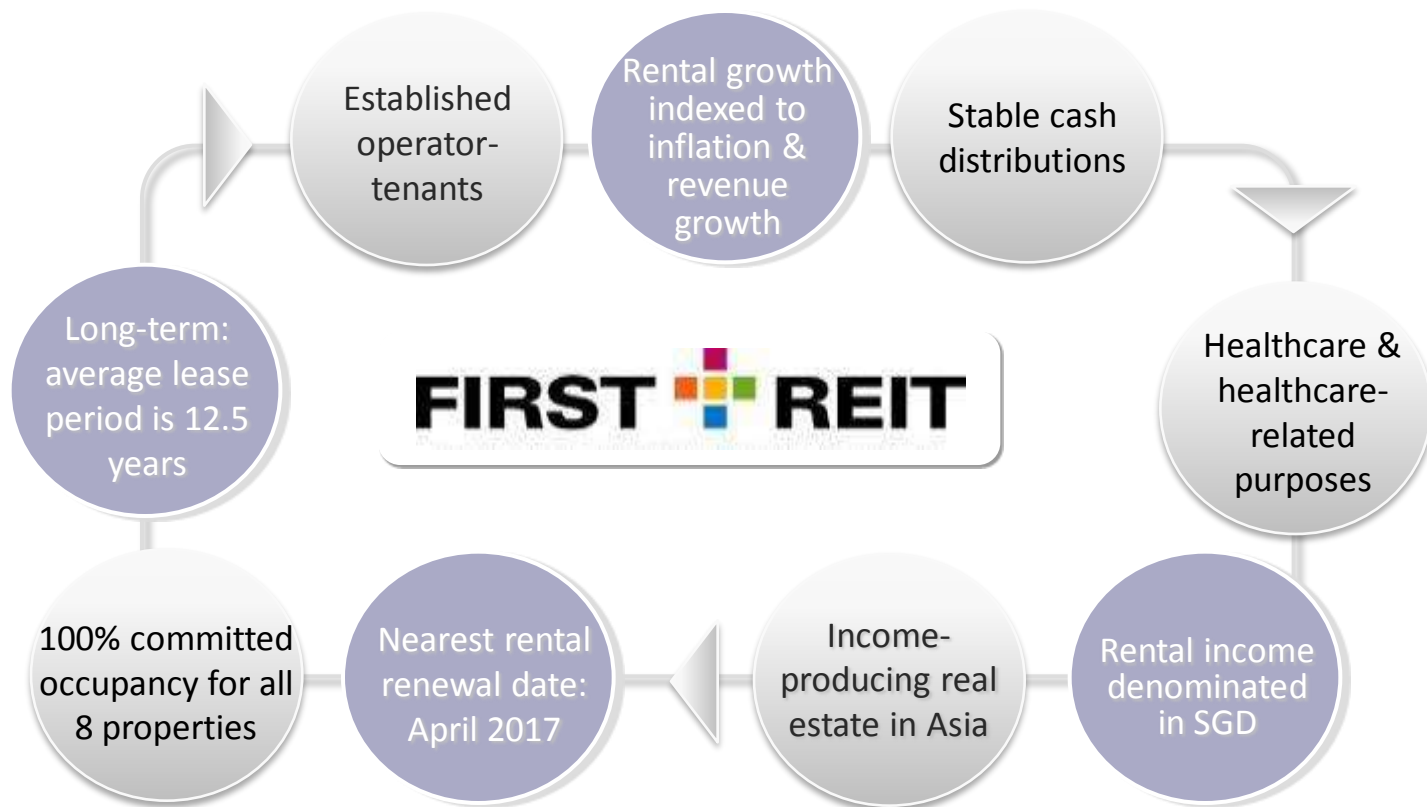


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# Leverage resilient business model





# Growth through partnerships & acquisitions



⚙ Partnership with tenant-operator to identify value-adding initiatives and enhance competitive positioning

- ▶ Ongoing upgrades and improvements
- ▶ Plans for comprehensive asset enhancement works
- ▶ Plans for extension works

Pro-active  
Asset  
Enhancement/  
Management



⚙ Yield accretive acquisitions of healthcare-related properties with reputable operators in Asia

- ▶ Continue its on-going review of the financial attractiveness of various projects in the pipeline
- ▶ Continue to exercise prudence in future acquisitions

Quality  
Acquisitions





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Thank You



Q&A

