

Annual General Meeting

20 April 2011





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FY2010 in review

Financial highlights

Looking ahead

1. FY2010 in review



A strident leap forward – December 2010

Recent acquisitions in Indonesia: MRCCC and SHLC

1. Mochtar Riady Comprehensive Cancer Centre

Indonesia's first international standard private comprehensive cancer centre equipped with state of the art cancer treatment and diagnostic facilities



- ▶ Purchase price of **S\$170.5 million**
- ▶ Represents a discount of 21.1% to the independent valuation of S\$216.0 million as at 6 Sep 2010
- ▶ Land area: 4,145 sqm
- ▶ GFA: 37,933 sqm

2. Siloam Hospitals Lippo Cikarang

Offers a broad range of quality general and specialist services, including A&E services, with Centres of Excellence in Urology, Internal Medicine and Trauma



- ▶ Purchase price of **S\$35.0 million**
- ▶ Represents a discount of 15.3% to the independent valuation of S\$41.3 million as at 6 Sep 2010
- ▶ Land area: 9,900 sqm
- ▶ GFA: 11,125 sqm

Master tenant for both properties : PT Lippo Karawaci Tbk

Overwhelming response to 5 for 4 Rights Issue

- ▶ **345,664,382** new units were issued
- ▶ Gross proceeds of S\$172.8 million:
 - Partially finance the acquisition of MRCCC
 - Fully finance the acquisition of SHLC

123.2% subscribed



First REIT now has 9 properties across Indonesia and Singapore

Indonesia

- ▶ 5 hospital properties with 815 beds
- ▶ 1 hotel and country club with 197 saleable rooms







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



Singapore




- ▶ 3 nursing homes with 672 beds

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

| | Mochtar Riady Comprehensive Cancer Centre  | Siloam Hospitals Lippo Cikarang  | Siloam Hospitals Lippo Village  | Siloam Hospitals Kebon Jeruk  | Siloam Hospitals Surabaya  | Imperial Aryaduta Hotel & Country Club  |
|---|---|---|---|--|---|--|
| Type | Hospital | Hospital | Hospital | Hospital | Hospital | Hotel & Country Club |
| Land Area | 4,145 sqm | 9,900 sqm | 17,442 sqm | 11,420 sqm | 6,862 sqm | 54,410 sqm |
| Gross Floor Area | 37,933 sqm | 11,125 sqm | 27,284 sqm | 18,316 sqm | 9,227 sqm | 17,427 sqm |
| Purchase Price | S\$170.5 million | S\$35.0 million | S\$94.3 million | S\$50.6 million | S\$16.8 million | S\$21.2 million |
| Appraised Value¹ | S\$216.0 million | S\$41.3 million | S\$147.3 million | S\$82.0 million | S\$29.7 million | S\$34.1 million |
| Annual Rental | S\$18,635,000 | S\$3,768,000 | S\$13,218,000 | S\$7,491,000 | S\$2,963,000 | S\$3,633,000 |
| No. of Beds / Saleable rooms² | 160 | 75 | 223 | 197 | 160 | 197 |
| No. of Staff | 32 full time & part time doctors and 54 nurses & medical staff | 75 full time & part time doctors, 115 nurses and medical staff | 211 full time & part time doctors and 397 nurses & medical staff | 211 full time & part time doctors and 328 nurses & medical staff | 257 full time & part time doctors and 249 nurses & medical staff | -- |
| Year of Building Completion | 2010 | 2002 | 1995 | 1991 | 1977 | 1994 |
| Centre of Excellence | Oncology Digestive Unit | Urology, Internal Medicine, Trauma | Neuro-science centre, Heart centre | Urology centre, Orthopaedics | Fertility centre, Stroke centre | -- |
| Lease Terms | 15 years with option to renew for 15 years wef 30 Dec 2010 | 15 years with option to renew for 15 years wef 31 Dec 2010 | 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: MRCCC appraised by KJPP Willson dan Rekan in association with Knight Frank as at 6 September 2010. SHLC appraised by KJPP Damianus Ambur in association with Coldwell Banker Commercial Indonesia as at 6 September 2010. The other four Indonesia properties were each appraised by KJPP Hendra Gunawan & Rekan in association with Colliers International as at 28 December 2010

2: As at 28 December 2010

| | Pacific Healthcare Nursing Home @ Bukit Merah | Pacific Healthcare Nursing Home II @ Bukit Panjang | The Lantor Residence |
|-------------------------------------|---|--|---|
| |  |  |  |
| Type | Nursing Home | Nursing Home | Nursing Home |
| Land Area | 1,984 sqm | 2,000 sqm | 2,486 sqm |
| Gross Floor Area ("GFA") | 3,593 sqm | 3,563 sqm | 2,983 sqm |
| Purchase Price | S\$11.8 million | S\$11.5 million | S\$12.8 million |
| Appraised Value¹ | S\$11.1 million | S\$11.0 million | S\$12.1 million |
| Annual Rental | S\$971,000 | S\$947,000 | S\$1,051,000 |
| No. of Beds / Saleable rooms | 259 | 265 | 148 |
| Year of Building Completion | 2004 | 2006 | 1999 |
| Title | 30 years leasehold from 22 Apr 2002 | 30 years leasehold from 14 May 2003 | 99 years leasehold from 20 Aug 1938 |
| Lease Terms | 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 |

1: Appraised by CB Richard Ellis (Pte) Ltd as at 28 December 2010

Key benefits of acquisitions

As at 31 Dec 2010

| | Before Acquisitions | After Acquisitions | Change (%) |
|--|---------------------|--------------------|------------|
| Asset under management | S\$355.5 million | S\$612.8 million | 72.4 |
| Gross floor area | 83,639 sqm | 132,697 sqm | 58.7 |
| Total Indonesia hospital beds (operational) | 580 | 815 | 40.5 |
| Weighted average age of properties ¹ | 18.0 years | 12.3 years | -31.7 |
| Greater diversification across locations and medical specialisations | | | |
| Weighted average lease expiry including Master lease agreements with MRCCC and SHLC ² | 10.6 years | 12.3 years | 16.0 |

Increased profile and enhanced competitive positioning

Increased income stability

¹ For buildings without exact date of completion, 1st January of the completion year is used for calculation of property age. Proposed Pacific Cancer Centre @ Adam Road was under-going asset enhancement as at 31 December 2010, with the GFA before the asset enhancement works of 1,246 sqm used in the calculation

² Weighted by annual rent as at 31 December 2010. For calculation of WALE, rental escalation is not taken into consideration

Divestment of Proposed Pacific Cancer Centre @ Adam Road

We completed the sale of the Proposed Pacific Cancer Centre with *Fortis Healthcare Singapore Pte. Limited* and *Fortis Global Healthcare Holdings Pte. Ltd.* on 25 March 2011

Details of divestment

| | |
|-------------------------|--|
| Sale price | S\$33.0 million |
| Latest Valuation | S\$28.2 million |
| Use of proceeds | Provides greater financial flexibility to pursue other possible attractive acquisition opportunities and/or repay debt |

Rationale for divestment

Reduced gearing: 17.6% to 14.2%

Strengthened cash position and financial flexibility

Realisation of the property's value above its valuation and cost

- ▶ 17.0% above its latest valuation of S\$28.2 million as at 28 Dec 2010
- ▶ 52.1% higher than its cost of S\$21.7 million as at 31 Dec 2010

| Pro Forma NAV and DPU | <u>Before</u> adjusting for the sale | <u>After</u> adjusting for the sale | Change |
|--|--------------------------------------|-------------------------------------|--------|
| - Adjusted NAV Per unit If sale completed on 31 Dec 10 | S\$0.77 | S\$0.78 | 1.3% |
| DPU - If sale completed on 1 Jan 10 and for financial period 1 Jan 10 to 31 Dec 10 | 6.63 cents | 6.49 cents | - 2.1% |
| DPU - If sale completed on 1 Jan 10 and gain of S\$8.3 million had been distributed for financial period 1 Jan 10 to 31 Dec 10 | 6.63 cents | 9.06 cents | 36.7% |

Asset enhancements at Lentor Residence

In line with our investment strategy to improve the returns and optimise the plot ratio of existing properties in the REIT’s portfolio, we will be developing an extension to the Lentor Residence

Details of extension



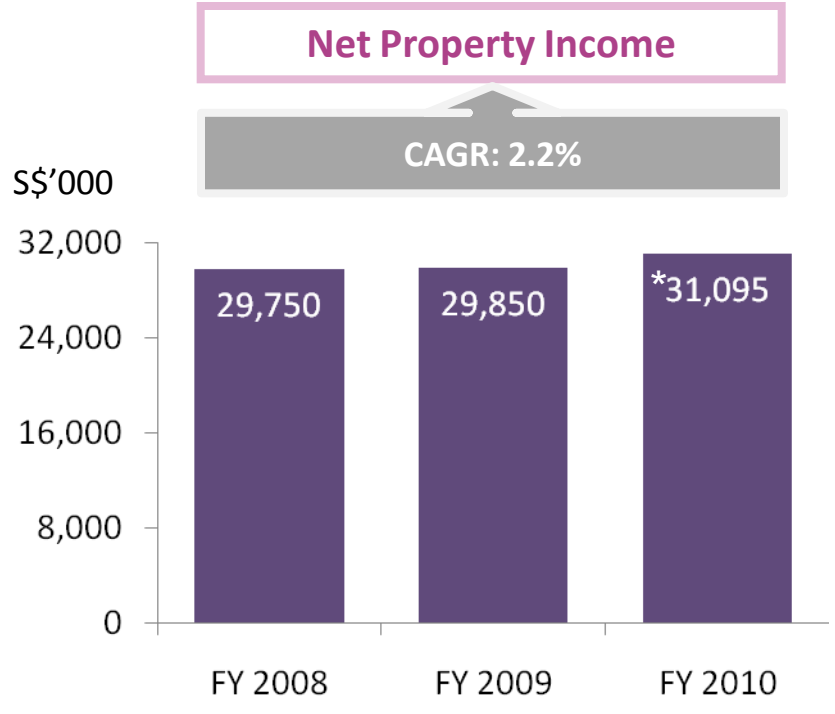
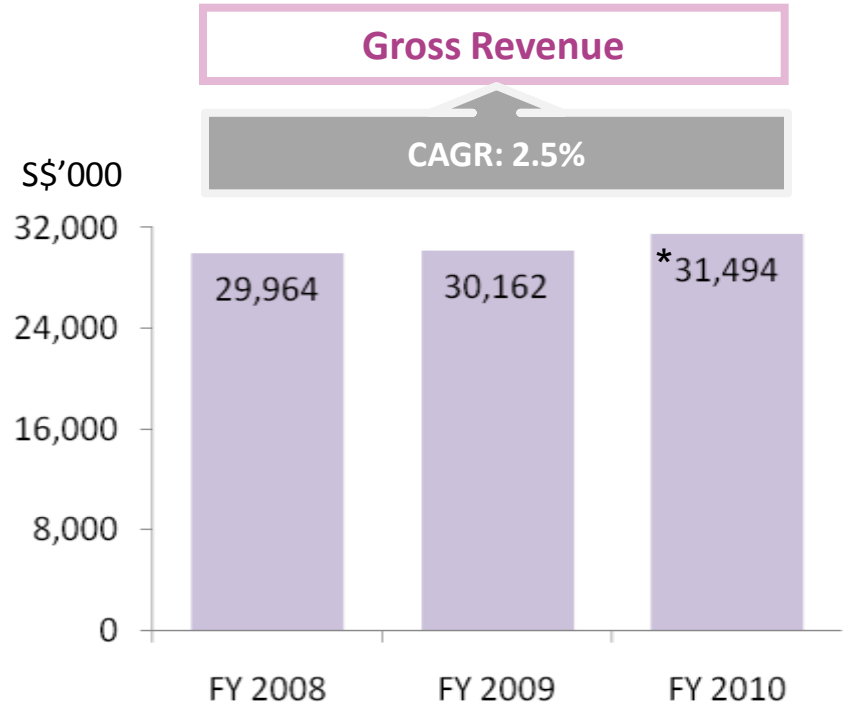
| | |
|----------------------------|--|
| Extension details | A 5-storey building to, and adjoining, the existing building |
| Purpose | Nursing home |
| Floor area | Approximately 994 sqm |
| Estimated cost | S\$5.0 million |
| Expected completion | End 2011 |

2. Financial highlights



Financial overview

Year ended 31 December

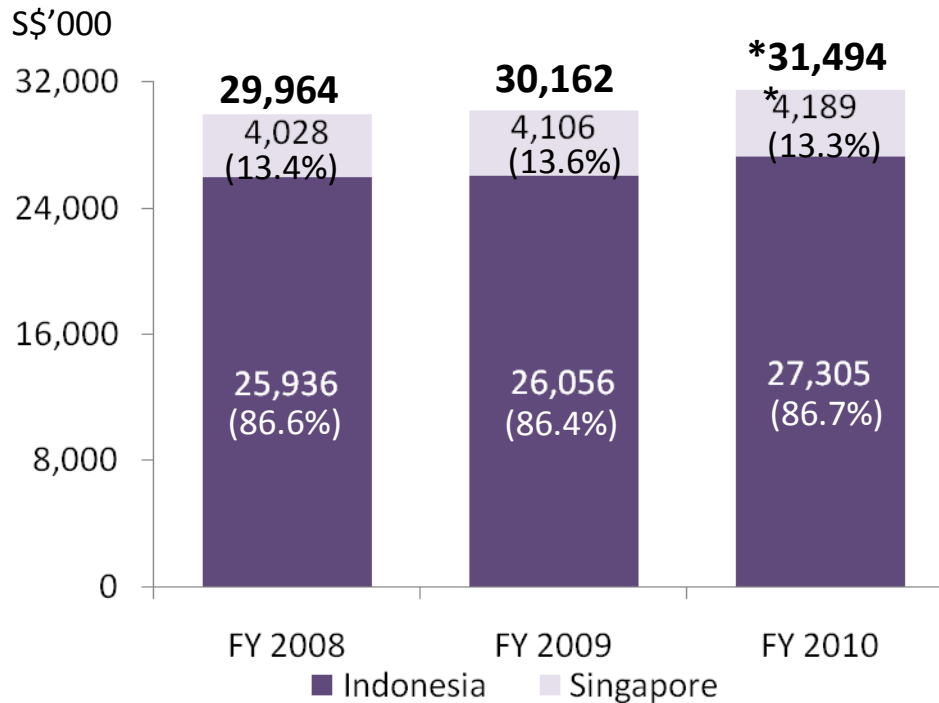


**Includes deferred rental income from property under asset enhancement as at 31 Dec 2010, which has since been divested as at 25 March 2011*

- ▶ Steady rental structure:
 - ❖ Fixed yearly rental increment for Singapore properties; base (2x percentage increase of Singapore CPI, capped at 2%) plus variable components (function of turnover growth) for Indonesia properties
- ▶ Long term leases denominated in Singapore dollars

Rental income: breakdown by geography

Proportion of contributions from Indonesia and Singapore properties remains consistent

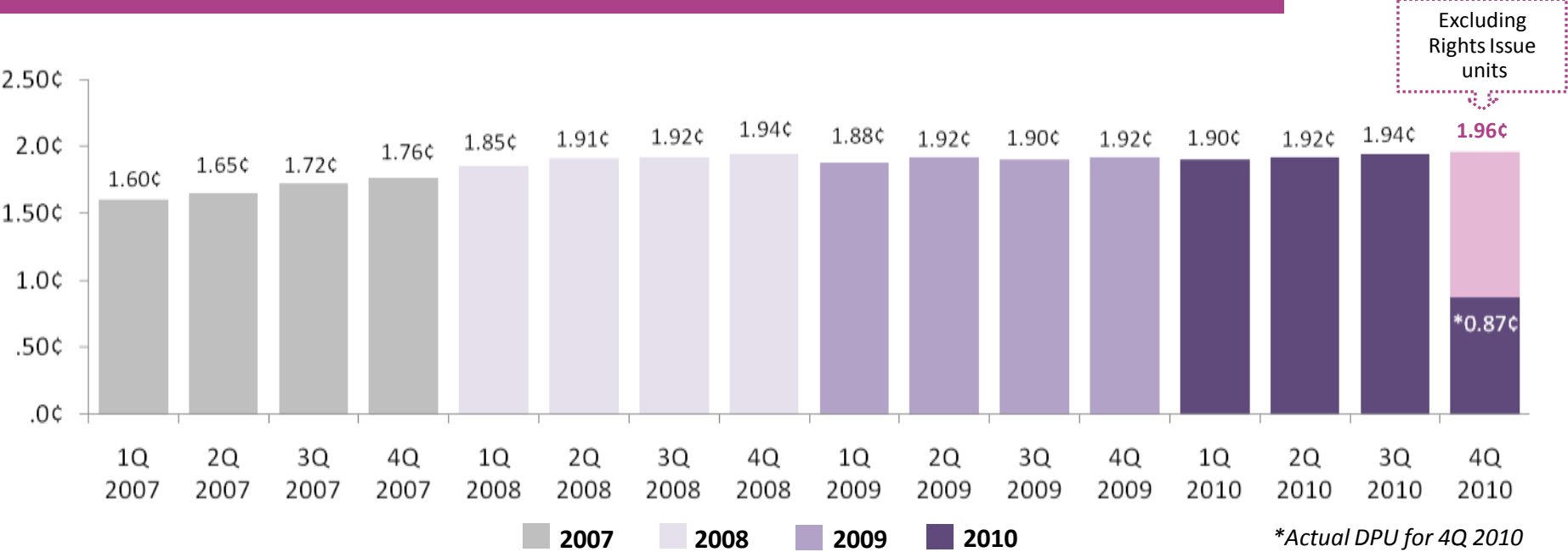


- ▶ Higher revenue to be generated from Indonesia in FY2011 with the recent acquisition of MRCCC and SHLC
- ❖ First REIT to enjoy a variable rental growth component of 1.25% of total gross revenue of the four Indonesian assets in FY 2010, in addition to the annual escalation based on 2 times Singapore CPI (capped at 2%)

**Includes deferred rental income from property under asset enhancement as at 31 Dec 2010, which has since been divested as at 25 March 2011*

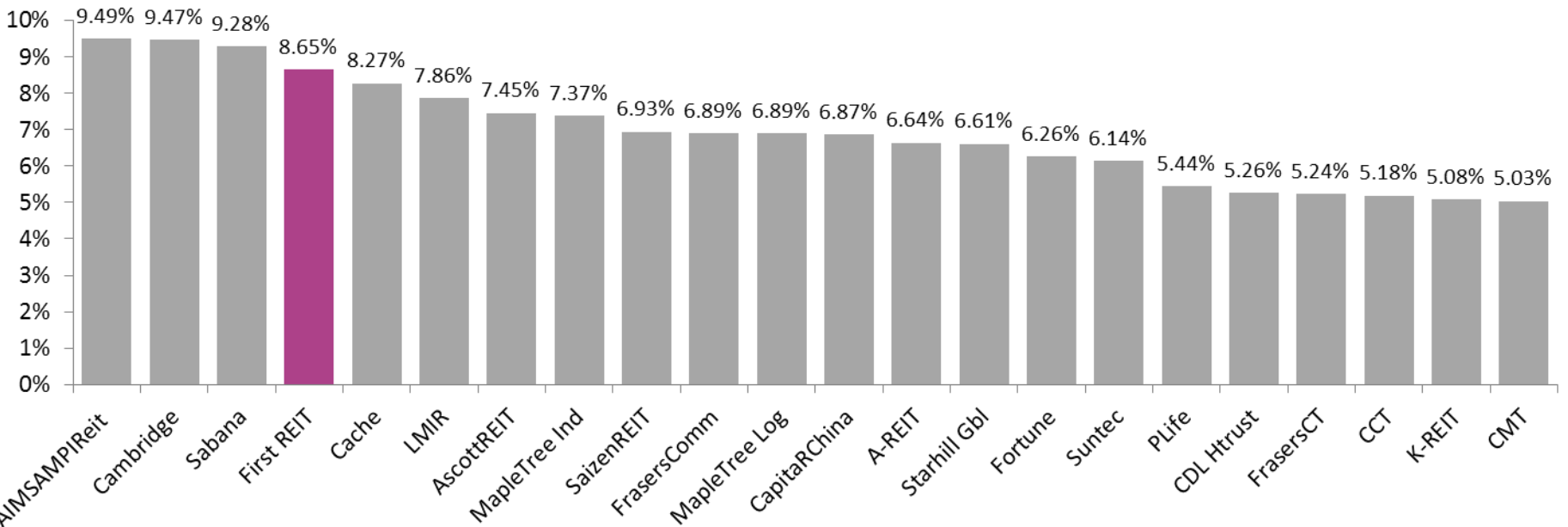
Consistent DPU

Quarterly DPU breakdown



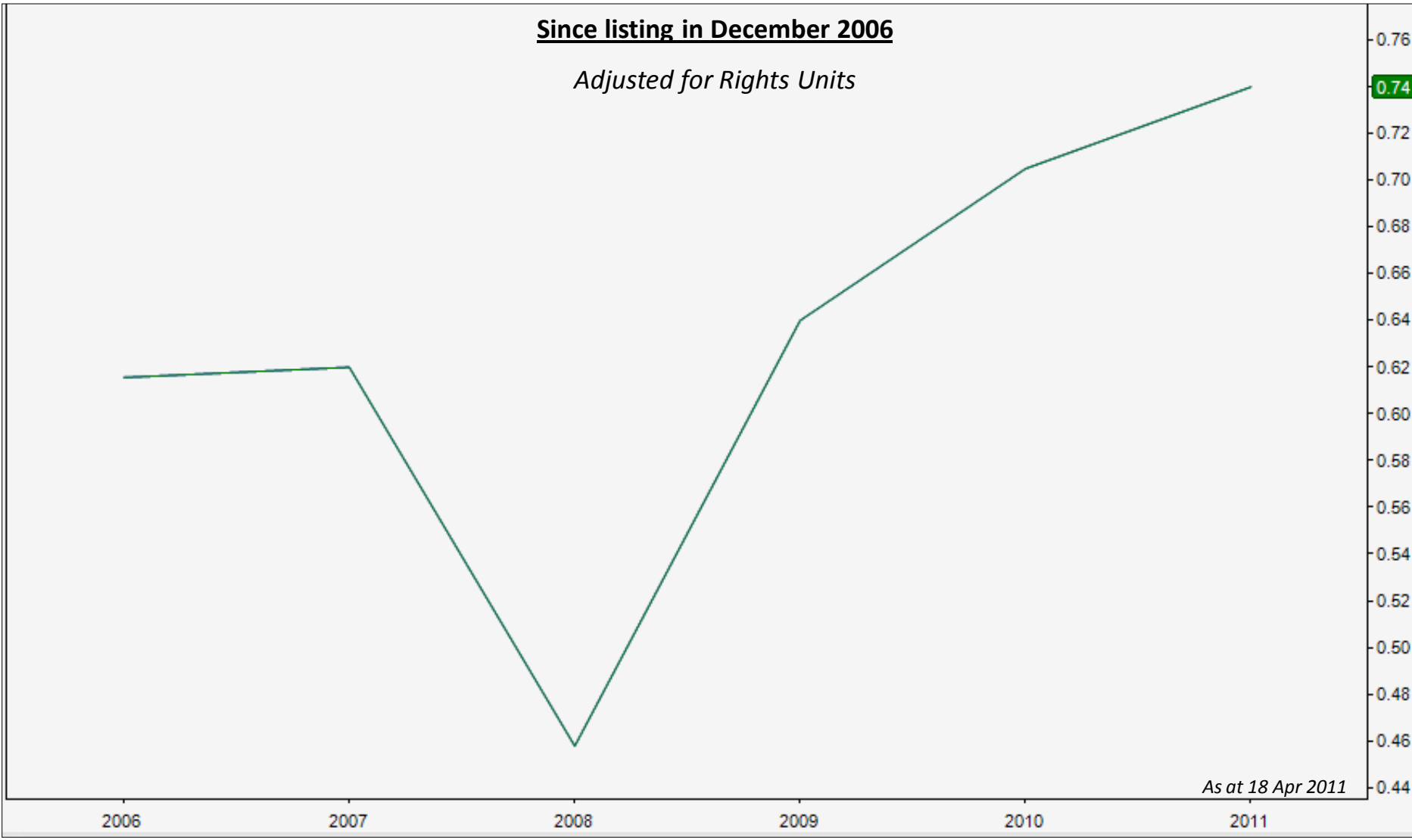
- ▶ Distribution per unit is lower in 4Q 2010 due to the issuance of 345,664,382 rights units on 31 December 2010 in relation to the acquisitions of MRCCC and SHLC
- ▶ Holders of new rights units will be entitled to 4Q 2010 distribution, but the properties only start to contribute to earnings and distributions in 2011
- ▶ For Unitholders who subscribed to the new rights units, the effective distribution per unit would be equivalent to 1.96 cents

S-REIT yield comparison



■ First REIT yield: based on DPU of 6.40 Singapore cents for Projection year 2011 and the closing price of S\$0.74 on 18 Apr 2011

First REIT share performance



First REIT – 2nd best performer amongst S-REITs



The good and the bad

Performance of various Reits/business trusts on SGX from IPO till March 31, 2011

| Reits - Average Yield = 6.957% | IPO DATE | ANNUAL EQUIVALENT | PRICE APPRECIATION (%) | TOTAL RETURN | DIFFERENCE FROM FTSE ALL SHARES INDEX |
|------------------------------------|---------------------|-------------------|------------------------|---------------|---------------------------------------|
| Mapletreelnd | Oct 20, 2010 | 35.69 | 12.9 | 14.51 | 16.38 |
| CDLHtrust | Jul 18, 2006 | 28.5 | 142.17 | 225.27 | 198.22 |
| First Reit | Dec 8, 2006 | 19.75 | 43.47 | 117.55 | 113.42 |
| Ascendasreit | Nov 18, 2002 | 17.43 | 123.7 | 283.2 | 170.98 |
| CapitaMall | July 16, 2002 | 15.98 | 133.77 | 263.48 | 173.59 |
| FrasersCT | Jul 4, 2006 | 15.22 | 47.57 | 95.78 | 74.97 |
| PLife Reit | Aug 22, 2007 | 15 | 33.59 | 65.58 | 76.73 |
| CapitaComm | May 11, 2004 | 14.27 | 75.48 | 150.53 | 79.98 |
| CACHE | Apr 9, 2010 | 13.39 | 6.82 | 13.04 | 6.02 |
| SuntecReit | Dec 8, 2004 | 12.99 | 37.5 | 116.16 | 72.66 |
| MapletreeLog | Jul 27, 2005 | 12.51 | 28.64 | 94.35 | 71.96 |
| CapitaRChina | Dec 7, 2006 | 8.9 | 10.62 | 44.48 | 41.68 |
| AscottReit | Mar 31, 2006 | 8.14 | 5.24 | 47.94 | 31.39 |
| K-Reit | Apr 28, 2006 | 7.6 | 4.56 | 43.47 | 30.27 |
| Cambridge | Jul 24, 2006 | 3.91 | -26.8 | 19.7 | -5.05 |
| Starhill Gbl | Sept 19, 2005 | 3.45 | -19.12 | 20.67 | 10.1 |
| Fortune Reit HK\$ | Aug 11, 2003 | 3.35 | -23.76 | 28.56 | -55.7 |
| LippoMapleT | Nov 16, 2007 | -1.4 | -32.5 | -4.63 | 0.04 |
| Frasers Comm | Mar 29, 2006 | -13.43 | -68.42 | -51.42 | -68.64 |
| AIMSAMPIReit | Apr 18, 2007 | -16.7 | -71.81 | -51.45 | -36.81 |
| Sabana Reit | Nov 25, 2010 | -29.64 | -11.43 | -11.43 | -9.99 |
| SaizenReit | Nov 9, 2007 | -33.24 | -77.94 | -74.61 | -65.65 |
| Shipping Trusts (non-Reits) | | | | | |
| PacShipTr US\$ | May 25, 2006 | 7.43 | -20 | 41.58 | 17.48 |
| FSL Trust | Mar 26, 2007 | -14.06 | -72.41 | -45.59 | -36.53 |
| Rickmers | May 3, 2007 | -20 | -74.84 | -58.22 | -42.35 |
| Other Trusts (non-Reits) | | | | | |
| AscendasIndT | Jul 31, 2007 | 2.26 | -19.07 | 8.53 | 27.2 |
| CitySpring | Feb 9, 2007 | 1.38 | -23.64 | 5.82 | 14.45 |
| K-Green | Jun 29, 2010 | -4.44 | -7.21 | -3.36 | -15 |
| Indiabulls | Jul 10, 2008 | -34.88 | -69.91 | -69.91 | -77.52 |
| HPH Trust US\$ | Mar 17, 2011 | -58.63 | -3.33 | -3.33 | -8.87 |

A report card on the performance of various types of trusts listed in Singapore shows that Reits remain the best bets

“First REIT, which owns hospitals and hotels in Indonesia and Singapore, is the second-best performer with a return of 20 per cent a year.”

Source: The Business Times, 9 April 2011
Title: “In REITS we trust”
By: Teh Hooi Ling

Note: Those in bold have less than one year trading record

Source: Compiled by IIF with data from Bloomberg

Healthy balance sheet

Balance sheet has strengthened after completion of rights issue and completion of the 2 new acquisitions

| | In S\$'000 | As at 31 Dec 2010 | As at 31 Dec 2009 |
|--------------------|--------------|-------------------|-------------------|
| Assets | Non-current | 612,800 | 340,910 |
| | Current | 41,771 | 13,742 |
| | Total | 654,571 | 354,652 |
| Liabilities | Non-current | 94,206 | 73,380 |
| | Current | *81,273 | 10,245 |
| | Total | 175,479 | 83,625 |
| Unitholders' Funds | 479,092 | 271,027 | |
| NAV/unit | **77.00¢ | 98.39¢ | |

* Includes a S\$50 million balance payable to the Vendor for the MRCCC acquisition. The new OCBC Bank term loan facility was drawn down on 31 January 2011 to repay this amount, and the balance has been reduced accordingly

** Based on enlarged unit base as a result of the rights issue

Borrowings are secured by property assets

| | As at 31 Dec 2010 | As at 31 Dec 2009 |
|------------------|------------------------|------------------------|
| Total Debt* | S\$57.7 million | S\$52.8 million |
| Interest Cover | 11.6 times | 13.5 times |
| Debt-to-Property | 9.4% | 15.5% |

** before transaction costs*

- ▶ The new OCBC Bank term loan facility of S\$50.0 million was drawn down on 31 January 2011 to fund the balance payment of the MRCCC Acquisition, and gearing has increased to about 17%
- ▶ Even after the drawdown of the loan, First REIT's gearing is still much lower than the regulatory limit of 35%

3. Looking ahead



Strong sponsor pipeline in Indonesia

Lippo Karawaci – the largest listed property company in Indonesia



Dominates Indonesia’s Retail Malls and Hospitals

- ▶ Currently has 7 hospitals with 1,227 beds under the Siloam Hospitals network
- ▶ Nationally and internationally accredited

LK’s 3 new hospitals

**Siloam Hospitals
Jambi**



East Sumatra

- February 2011
- 59 beds
- 40 outpatient suites
- 3 operating theatres

**Siloam Hospitals
Balikpapan**



East Kalimantan

- June 2011
- 104 beds
- 24 outpatient suites
- 3 operating theatres

**Siloam Hospitals
Makassar**



South Sulawesi

- 4Q 2011
- 200 beds

LK’s growth plans: 25 hospitals in 5 years

- ▶ Nov 2010: intends to quadruple Siloam hospital division to 25 hospitals and US\$500 million in annual revenues in five years
- ▶ Transformational hospital group scale-up to USD3.5 billion in 5 years



First REIT has a Right of First Refusal to acquire new healthcare properties from Lippo Karawaci, and has sufficient headroom for future acquisitions and funding if the need arises

Singapore: Nursing Home Development Programme

- ▶ December 2010: Singapore government launched the S\$120 million “**Nursing Home Development Programme**” to boost healthcare in the home, nursing homes and community hospitals
- ▶ 6 new and upgraded nursing homes are expected to be completed over the next 3 years
- ▶ Demand for such facilities and the number of nursing home beds in Singapore are projected to increase from 9,300 to 14,000 by 2020



Possible acquisitions in other markets

- ▶ Will continue to hunt for quality healthcare-related assets in Asia
- ▶ Target to raise our asset base to S\$1 billion in the next two to three years

Thank You

Q&As

