

# Extraordinary General Meeting

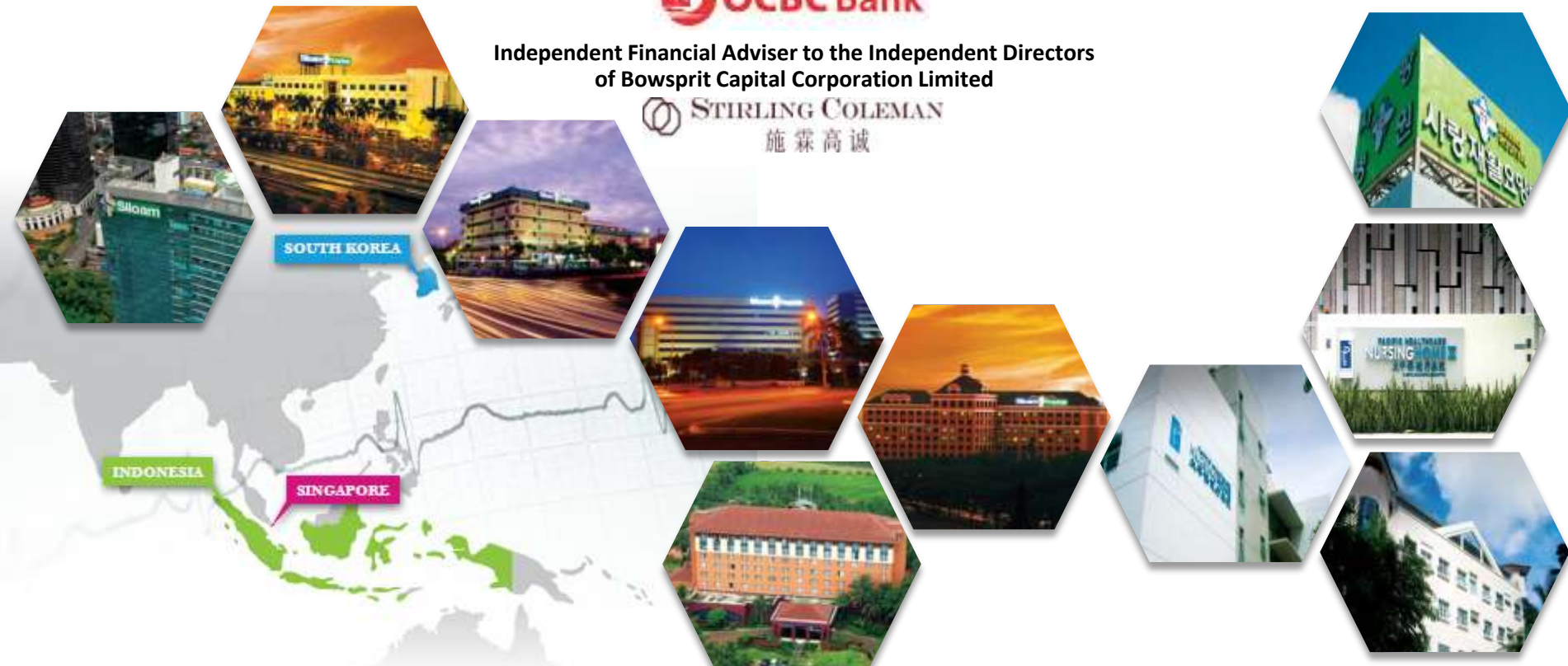
Proposed acquisition of Siloam Hospitals Manado & Hotel Aryaduta Manado, and Siloam Hospitals Makassar

9 November 2012

Financial Adviser



Independent Financial Adviser to the Independent Directors  
of Bowsprit Capital Corporation Limited



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



- 1 Overview of First REIT**
- 2 Proposed acquisitions**
- 3 Future acquisitions**

# Current portfolio: 10 properties across 3 regions

3 new acquisitions in the last 2 years

**Indonesia:** MRCCC & SHLC

**South Korea:** Sarang Hospital

**First REIT now has 10 properties across Indonesia, Singapore and South Korea**



**S\$635.4 million**

Value of Assets-Under Management  
(as at 7 November 2012)

**136,432 sqm**

Total GFA of properties  
(as at 30 September 2012)

**2017**

Nearest date of rental renewals

**2,194**

Maximum number of beds / saleable rooms  
(as at 30 September 2012)

**100%**

Total committed occupancy  
(as at 30 September 2012)

# Portfolio valuation since IPO

Property	Valuation since IPO (S\$m)							
	2006	2007	2008	2009	2010	2011	2012	% (2012)
<b>Indonesia</b>								
Siloam Hospitals Lippo Village	132.5	139.0	138.5	146.8	147.3	153.8	158.1	24.9%
Siloam Hospitals Kebon Jeruk	71.2	75.1	74.1	81.2	82.0	85.9	88.4	13.9%
Siloam Hospitals Surabaya	23.6	25.8	26.2	27.4	29.7	30.9	31.7	5.0%
Mochtar Riady Comprehensive Cancer Centre	-	-	-	-	216.0	217.5	223.3	35.1%
Siloam Hospitals Lippo Cikarang	-	-	-	-	41.3	41.3	42.9	6.8%
Imperial Aryaduta Hotel & Country Club	29.8	31.8	32.2	30.9	34.1	35.5	36.4	5.7%
<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>580.8</u>	<u>91.4%</u>
<b>Singapore</b>								
Pacific Healthcare Nursing Home @ Bukit Merah	-	12.0	12.0	11.4	11.1	11.0	10.8	1.7%
Pacific Healthcare Nursing Home II @ Bukit Panjang	-	11.4	11.4	11.1	11.0	11.0	10.7	1.7%
The Lentor Residence	-	13.0	13.0	12.5	12.1	14.0	16.8	2.6%
<i>Subtotal</i>	-	<u>36.4</u>	<u>36.4</u>	<u>35.0</u>	<u>34.2</u>	<u>36.0</u>	<u>38.3</u>	<u>6.0%</u>
<b>South Korea</b>								
Sarang Hospital	-	-	-	-	-	17.1 <sup>1</sup>	16.3 <sup>2</sup>	<u>2.6%</u>
<b>Grand Total</b>	<b><u>257.1</u></b>	<b><u>325.6</u></b>	<b><u>324.9</u></b>	<b><u>340.9</u></b>	<b><u>612.8</u></b>	<b><u>618.0</u></b>	<b><u>635.4</u></b>	<b><u>100%</u></b>

<sup>1</sup> Based on the exchange rate of US\$1=S\$1.2940 as at 28 December 2011

<sup>2</sup> Based on the exchange rate of US\$1=S\$1.2227 as at 7 November 2012

# Corporate highlights

Resilient Trust Structure continues to provide stable returns and healthy dividend yield

- ▶ 3.7% increase y-o-y in gross revenue from **higher rental income from all its properties** in 3Q2012
- ▶ 9M2012 gross revenue increased 5.4% y-o-y to **S\$42.2 million**
- ▶ 9M2012 **DPU gained 9.1%** y-o-y to 5.54 Singapore cents per unit
- ▶ Distribution yield for 9M2012 based on annualised DPU of 6.49 Singapore cents (excludes other gains) at **6.2%**<sup>1</sup>
- ▶ Strong financial position with **no short-term refinancing needed** over the next three years
- ▶ With proposed acquisition of two properties in Manado and Makassar, First REIT is another step closer to achieving assets under management of **S\$1 billion**

<sup>1</sup> Based on First REIT's closing price of S\$1.04 as of 7 November 2012

# Key financial highlights (S\$'000)

Acquired 3 new hospitals in last 2 years, planning to acquire 2 more in Manado and Makassar

Indonesia: Dec 2010

- MRCCC
- SHLC

Singapore: Mar 2011

- Divestment of Adam Road property

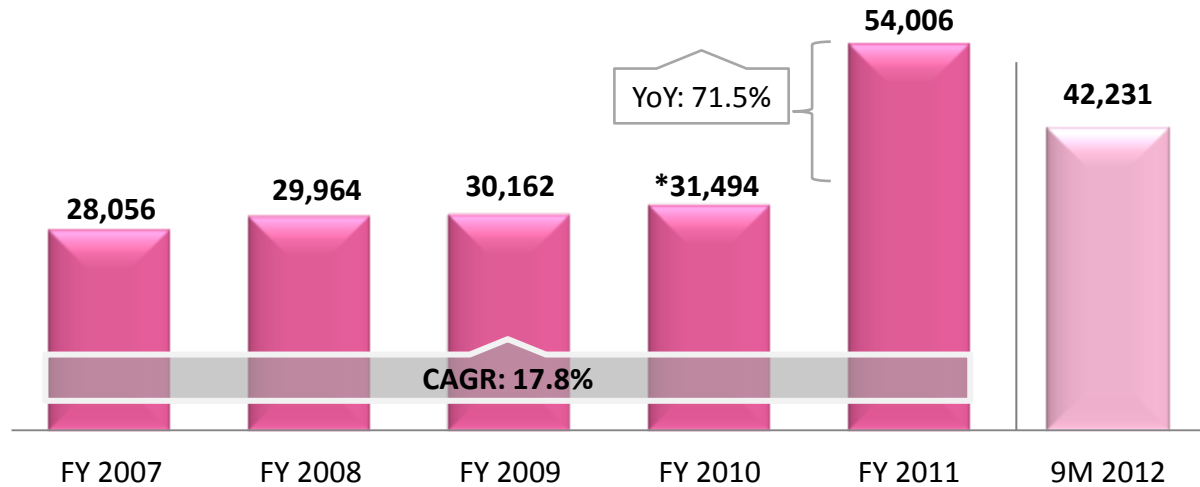
South Korea: Aug 2011

- Sarang Hospital

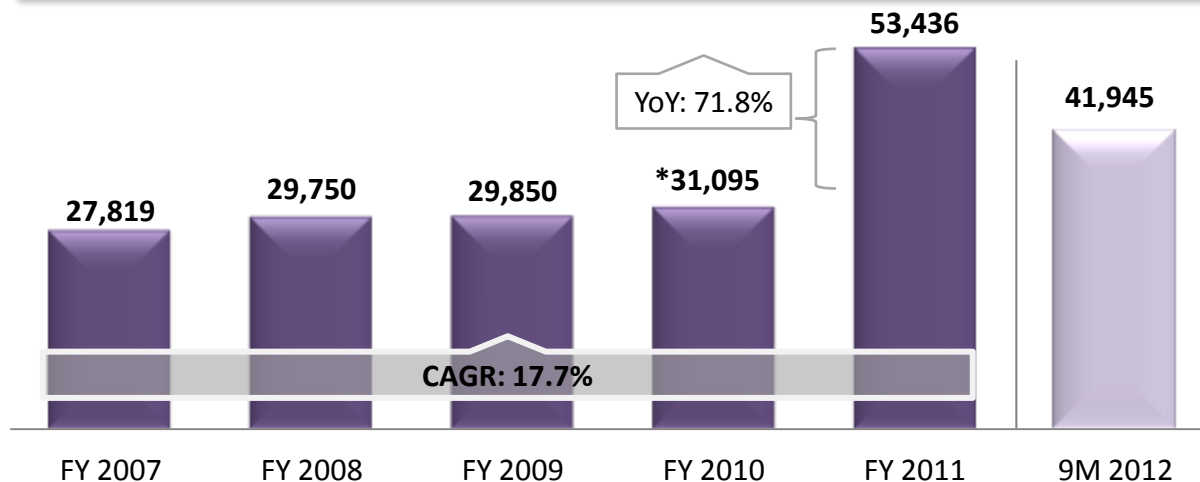
Indonesia: Nov 2012

- SHMD & HAMD
  - SHMK
- (subject to Unitholder approval)

## Gross Revenue

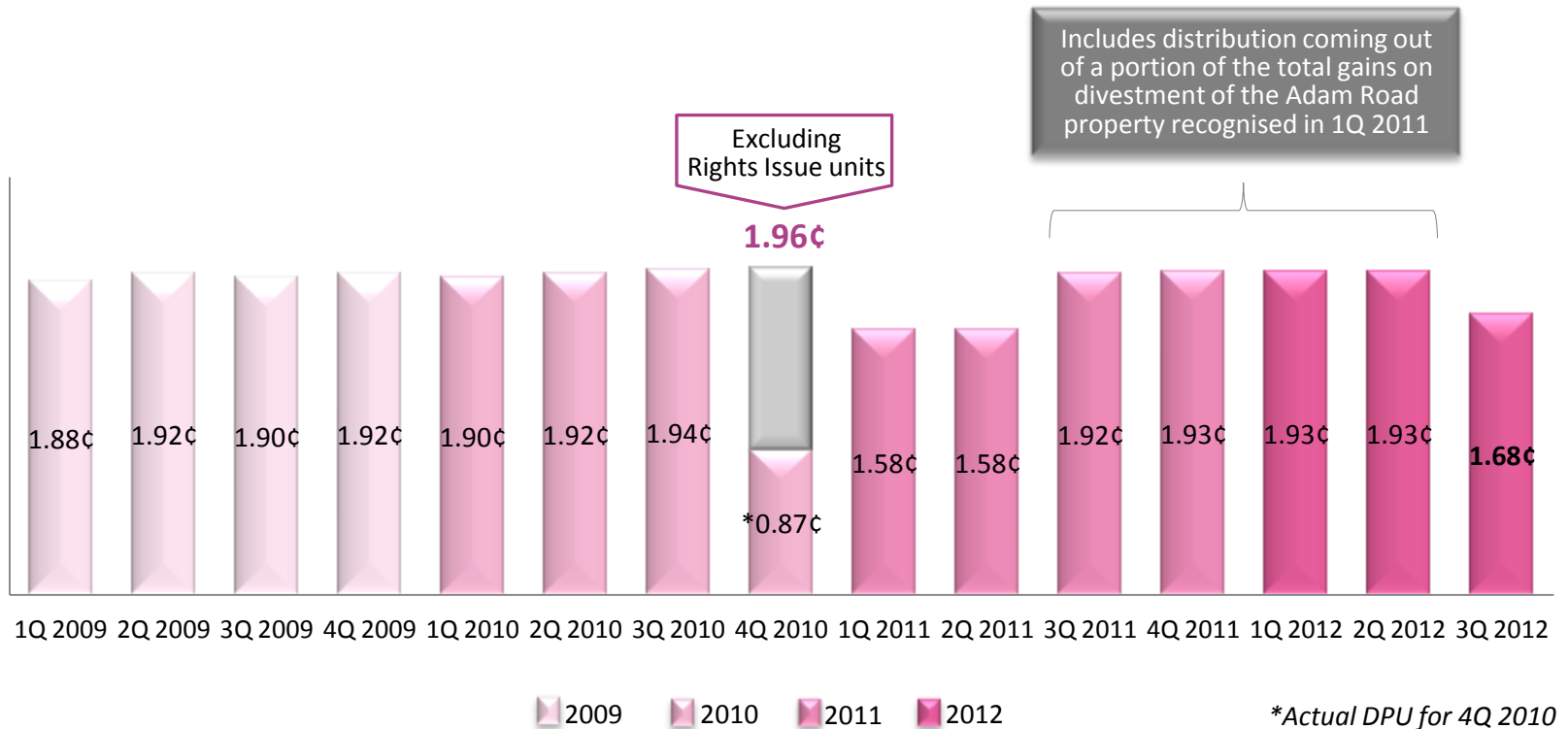


## Net Property Income



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

# Consistent quarterly DPU payouts



- 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



# Strong cash distribution model

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

1 Jul 2012 – 30 Sep 2012

<b>Distribution Per Unit</b>	<b>1.68¢</b>
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- Taxable	0.11¢
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- Tax-Exempt	1.24¢
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- Capital	0.33¢
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Book Closure Date	2 November 2012
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<b>Distribution Payment Date</b>	<b>29 November 2012</b>
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*The ex-dividend date will be on 31 October 2012*

# First REIT share performance

First REIT [1YEAR] : 1.04

Since listing in December 2006

*Adjusted for Rights Units*

700%  
68.94%

60%

50%

40%

30%

20%

10%

0%

-10%

-20%

-30%

As at 7 Nov 2012

2006

2007

2008

2009

2010

2011

2012

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# First REIT vs STI Index vs FTSE ST REIT Index

First REIT [1YEAR] : 1.04   Straits Times Index (STI) [1YEAR] : 3043.270   FTSE ST Real Estate Investment Trusts Index [1YEAR] : 765.550

**Since listing in December 2006**  
Adjusted for Rights Units

First REIT

STI Index

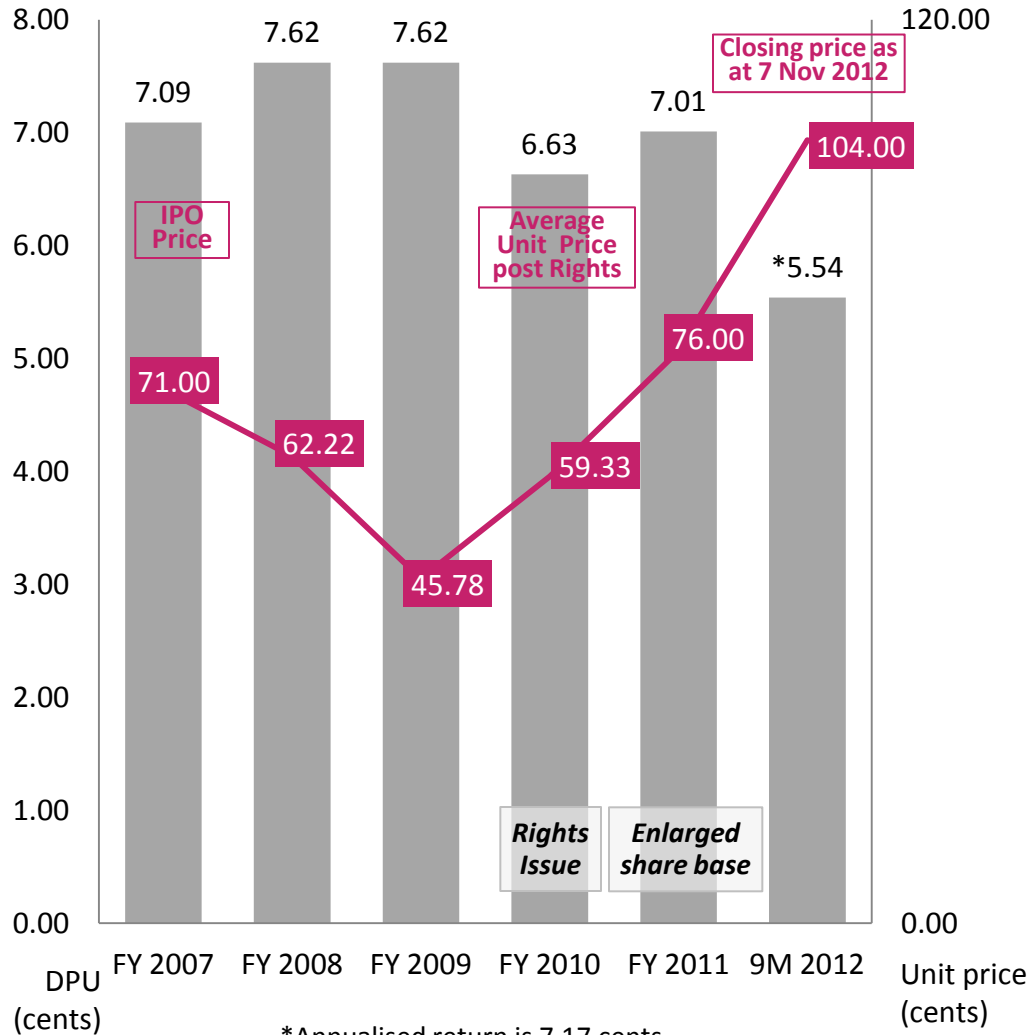
FTSE ST Real Estate  
Investment Trusts Index

As at 7 Nov 2012



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# % of total return – YTD & annualised



DPU Return: FY 2007 to 9M 2012 : **41.51 cents**

Return on Average Unit Price : **44.67 cents**

*Average Unit Price post Rights = (71.00 x 4 + 50.00 x 5)/9*

• **Total return to date** : **86.18 cents**

• **% gain on Average Unit Price** : **145.2%**

• **% gain on an annualised basis** : **25.0%**



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# Indonesia

4th most populous country in the world after China, India, and the United States



Map data ©2012 Google, MapIT, Tele Atlas

GDP per capita	<ul style="list-style-type: none"> <li>• 2010: US\$<b>1,092</b></li> <li>• 2007 – 2010: CAGR 5.3%</li> </ul>
Population	<ul style="list-style-type: none"> <li>• 2011: <b>245 million</b></li> </ul>
Key industries*	<ul style="list-style-type: none"> <li>• Services</li> <li>• Agriculture</li> <li>• Industry</li> </ul>
Healthcare expenditure per capita	<ul style="list-style-type: none"> <li>• 2011e: US\$<b>95</b></li> </ul>

\*Source: Wikipedia, <http://en.wikipedia.org/wiki/Indonesia>

# Manado

Largest city in North Sulawesi



## Manado: provincial capital of North Sulawesi province

GDP per capita	<ul style="list-style-type: none"> <li>• 2010: US\$<b>1,012</b></li> <li>• 2007 – 2010: CAGR 8.9%</li> </ul>
Population	<ul style="list-style-type: none"> <li>• 2010: <b>410,481</b></li> <li>• 2030: Expected 964,000</li> </ul>
Key industries	<ul style="list-style-type: none"> <li>• Agriculture &amp; fisheries</li> <li>• Construction</li> <li>• Hotels &amp; restaurants</li> <li>• Processing/manufacturing</li> </ul>
Healthcare expenditure per capita	<ul style="list-style-type: none"> <li>• US\$<b>7.90</b></li> </ul>



City area



Manado Mega Mall



Manado Town Square

# Manado

1

## Overall healthcare landscape

- ▶ Disparity in health status between different societal groups
- ▶ Low number, quality, utilisation and affordability of health facilities, infrastructure and services
- ▶ Limited numbers in the healthcare workforce
- ▶ More engagement of private sector providers required

2

## Key demand drivers of the hospital services industry

- ▶ Higher life expectancy
- ▶ Growing middle-class group
- ▶ Positive potential of becoming a medical tourism destination

Translates to increasing demand for private healthcare service providers

- Sophisticated and better health facilities such as air conditioned rooms, fully equipped medical facilities and better medical services

3

## Flourishing hotel and MICE industries

- ▶ 26 classified hotels in North Sulawesi, most of them concentrated in **Manado** and at least 3-star and above
- ▶ Hotels are expected to flourish in the near term
  - Escalating international exposure
  - Growing popularity in eco-tourism
  - Shift from sea to air transportation, and travellers' preferences for better services and facilities
- ▶ Target to become one of the world's **MICE hubs**



4

## Growing domestic & international tourists

- ▶ CAGR of 0.56 percent and 9.99 percent between 2005 and 2010 in domestic and international passenger arrivals
- ▶ Target to receive **100,000 foreign tourists** in 2012, up from 40,000 in 2011



# Manado: tourism



Tomohon market



Lake Linow



Mt Mahawu



Kali Waterfall



Tangkoko Nature Reserve



Bunaken Island



Bunaken National Marine Park

# Siloam Hospitals Manado & Hotel Aryaduta Manado

Jalan Sam Ratulangi No. 22 Komplek Boulevard Center, and at Jalan Piere Tendean No. 1, Wenang Utara Sub-District, Wenang District, Manado – North Sulawesi 95111, Republic of Indonesia



*Located on the east side of Jalan Piere Tendean and the west side of Jalan Sam Ratulangi*

*Both are primary roads in Manado City, and highly accessible via public and private transportation*

## An integrated hospital and hotel in North Sulawesi

Established	SHMD: 1 June 2012 / HAMD: 1 January 2011
Centre of Excellence	SHMD: Trauma
GFA (sq m)	36,051 (SHMD: 11,476 / HAMD: 23,430) (excluding shared machinery and equipment space of 1,145)
Hospital beds / Hotel guest rooms capacity	SHMD: 224 beds (maximum capacity) / HAMD: 200 rooms
Lease Terms	15 years and renewal for a further 15 years
Valuation <sup>1</sup>	S\$90.9 million by W&R <sup>2</sup> , S\$96.5 million by Rengganis <sup>3</sup>
Master title details	HGB (Right to Build) Title expiring 18 May 2032

<sup>1</sup> Appraised by two independent property valuers appointed by the Manager and Trustee, as at 5 September 2012

<sup>2</sup> KJPP Willson & Rekan in association with Knight Frank

<sup>3</sup> KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd

# Siloam Hospitals Manado & Hotel Aryaduta Manado



## SHMD

- ▶ Broad range of quality **general and specialist services**, including therapeutic services and an extensive range of diagnostic and preventive healthcare services
- ▶ Fully-equipped with the **latest medical equipment and facilities**: CT, MRI, ultrasound, cardiac catheterisation lab, 50 specialist clinic suites and three operating theatres
- ▶ Caters to **multiple classes of patients**: local residents, corporate patients and tourists
- ▶ Provides **emergency and medical evacuation** via designated ambulances and helicopter ambulance services to provide remote patient care



## HAMD

- ▶ Attractive to travelers, **surrounded by notable developments**: IT Center, Mega Mall Manado
- ▶ **Full range of food and beverages** catering to patients and accommodation for family members, friends of patients, and tourists
- ▶ Currently being assessed for **upgrade to 5-star certification** by the Indonesian Hotel and Restaurant Association, Manado Branch
- ▶ Integration with SHMD: well positioned to **benefit from shared services** and healthcare tourism

# Siloam Hospitals Manado



Lobby and Reception



Trauma Centre



MRI



CT-Scan



Fluoroscopy



X-ray & Mammography



Catheterisation Lab

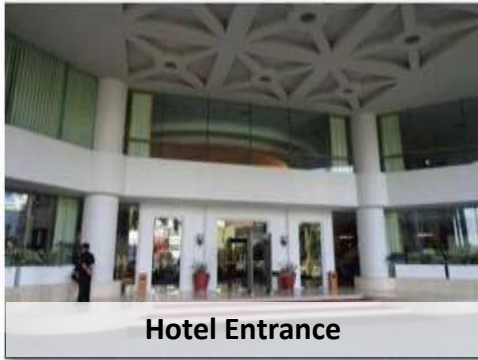


Operating Theatre



Inpatient Ward

# Hotel Aryaduta Manado



# Makassar

Fastest growing city and rising middle class earners in South Sulawesi



## Makassar: 17% of population resides here

GDP per capita	<ul style="list-style-type: none"> <li>• 2010: US\$1,317</li> <li>• 2007 – 2010: CAGR 6.9%</li> </ul>
Population	<ul style="list-style-type: none"> <li>• 2010: <b>1,504,000</b></li> <li>• 2030: Expected 2,425,000</li> </ul>
Key industries	<ul style="list-style-type: none"> <li>• Agriculture</li> <li>• Hotels &amp; restaurants</li> <li>• Processing</li> </ul>
Healthcare expenditure per capita	<ul style="list-style-type: none"> <li>• US\$8.70</li> <li>• Lowest compared to 23 other districts in South Sulawesi</li> </ul>



City area



Jalan Tanjung Bunga



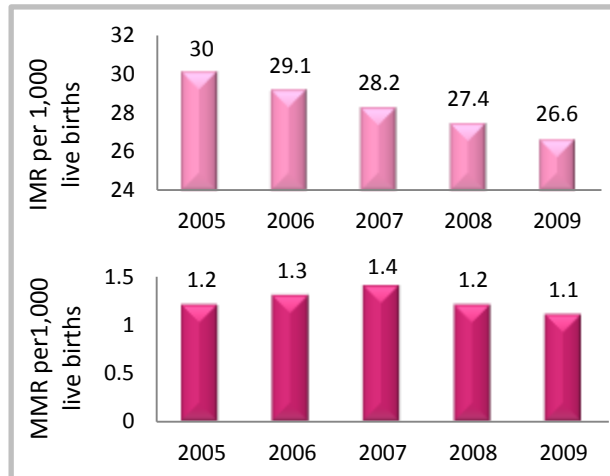
Jalan Gunung Bulusaraung

# Makassar

1

## Overall healthcare landscape

- ▶ Key health indicators remain weak: high levels of Infant Mortality Rate (IMR) and Maternity Mortality Rate (MMR)



- ▶ Degenerative diseases are becoming more common
- ▶ Increasing hospital utilisation rate
  - Diarrheal diseases
  - Typhoid fever
  - Acute respiratory diseases including pneumonia
  - Tuberculosis

2

## Key demand drivers of the hospital services industry

- ▶ Government's intention to transform Makassar into the representative city of East Indonesia
- ▶ Growing middle income earners and escalating disparity in population density
- ▶ Preference for private healthcare service providers, although limited by referral practices and higher costs
- ▶ More demand for sophisticated healthcare in-patient as well as out-patient
- ▶ Further increase in government health expenditure
- ▶ Crucial need to upgrade overall health system, and expand access to private providers

# Makassar: tourism



Trans Studio World



Bantimurung National Park



Losari Beach



Chinatown



Retail Street, Wajo



Panakkukang Mall



# Siloam Hospitals Makassar

Jalan Metro Tanjung Bunga Kav 3 – 5, Makassar City, South Sulawesi Province, Republic of Indonesia



*Located in Tanjung Bunga, an integrated township development consisting of residential and commercial developments*

## A new hospital in South Sulawesi

Established	9 September 2012
Centre of Excellence	Trauma & Cardiology
GFA (sq m)	14,307
Hospital beds capacity	416 beds (maximum capacity)
Lease Terms	15 years and renewal for a further 15 years
Valuation <sup>1</sup>	S\$66.8 million by W&R <sup>2</sup> , S\$64.7 million by Rengganis <sup>3</sup>
Master title details	HGB (Right to Build) Title expiring 22 December 2031

<sup>1</sup> Appraised by two independent property valuers appointed by the Manager and Trustee, as at 5 September 2012

<sup>2</sup> KJPP Willson & Rekan in association with Knight Frank

<sup>3</sup> KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd

# Siloam Hospitals Makassar



## SHMK

- ▶ Provides a broad range of **quality general and specialist services**, including therapeutic services and an extensive range of diagnostic and preventive healthcare services
- ▶ Equipped with comprehensive **state-of-the-art equipment and the latest generation of smart IT-systems** in Indonesia, including CT, MRI, ultrasound, mammography and cardiac catheterisation system, 58 specialist outpatient clinic suites and three operating theatres
- ▶ Provides **emergency and medical evacuation** via designated ambulances and helicopter ambulance services, first-of-its-kind capabilities in South Sulawesi
- ▶ **Well-positioned** in a growing residential and commercial area in Makassar City

# Siloam Hospitals Makassar



Lobby and Reception



Trauma Centre



CT Scan



X-ray & Mammography



Fluoroscopy



MRI



ICU



Operating Theatre



Inpatient Ward

# Proposed acquisitions

- ▶ Both properties will be acquired indirectly from two wholly-owned units of PT Lippo Karawaci Tbk, First REIT's Sponsor

## 2 properties in Sulawesi, Indonesia



Siloam Hospitals Manado ("SHMD")



Hotel Aryaduta Manado ("HAMD")



Siloam Hospitals Makassar ("SHMK")

### 1. Siloam Hospitals Manado & Hotel Aryaduta Manado

### 2. Siloam Hospitals Makassar

Property Type	<b>Integrated Hospital and Hotel</b>	<b>Hospital</b>
Purchase Consideration	<b>S\$83.6 mil</b>	<b>S\$59.3 mil</b>
Average of Two Independent Valuations <sup>1</sup>	S\$93.7 mil	S\$65.8 mil
Discount to Valuation	10.8%	9.8%
Financing	Combination of committed debt and proceeds from a proposed private placement	Drawdown of committed debt
Master Lessee	PT Lippo Karawaci Tbk	
Base Rent	Payable quarterly in advance, and subject to increase every year thereafter at a rate equal to 2X percentage increase of Singapore's CPI for the preceding calendar year, subject to floor (0%) and cap (2.0%)	
Variable Rent	Takes effect in year 4, and dependent on audited gross operating revenue growth of SHMD, HAMD and SHMK respectively	
Lease Terms	Conditional master lease agreements for lease terms of 15 years, with an option to renew for a further term of 15 years	

<sup>1</sup> W&R: KJPP Willson & Rekan in association with Knight Frank; Rengganis: KJPP Rengganis, Hamid & Rekan in strategic alliance with CB Richard Ellis (Pte) Ltd

# Proposed methods of financing

	Current Portfolio (as at 7 November 2012)	New Acquisitions	
		Part debt, part equity <sup>1</sup>	Full debt <sup>2</sup>
Property Value	S\$635.4	S\$798.7	S\$798.7
Total Debt	S\$98.3	S\$216.3	S\$246.3
Gearing Ratio	<b>15.5%</b>	<b>27.1%</b>	<b>30.8%</b>

<sup>1</sup> By combination of drawdown from First REIT's committed debt facility and proceeds from a private placement exercise

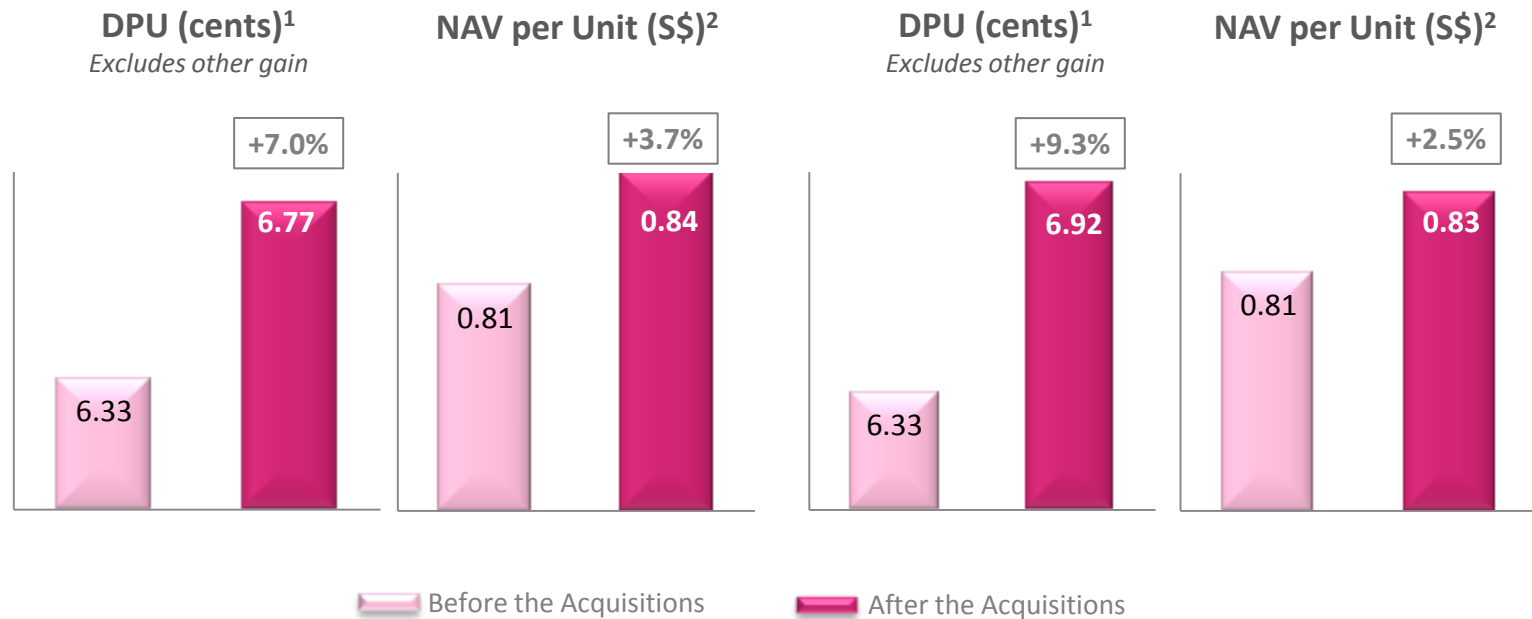
<sup>2</sup> If the Manager is of the view that it would not be appropriate to carry out a private placement in the circumstances, the Manager intends to procure additional debt funding to fully finance the acquisitions by debt

# Proforma financial effects

Financial year ended 31 December 2011

## Part Debt, Part Equity Financing

## Full Debt Financing

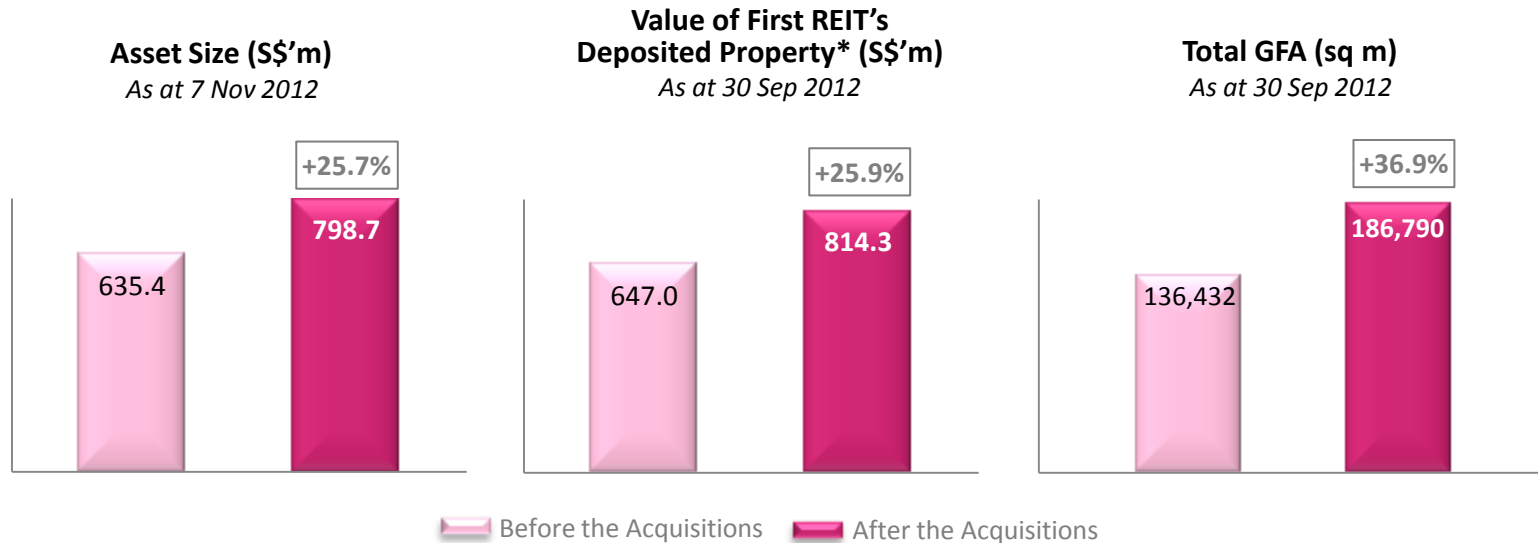


<sup>1</sup> As if First REIT had purchased the properties on 1 January 2011, and held the properties through to 31 December 2011

<sup>2</sup> As if First REIT had purchased the properties on 31 December 2011

# The enlarged portfolio

Increased absolute size of asset base will enhance First REIT's profile and competitive positioning



- ▶ Expected to enhance First REIT's overall capital management flexibility, which will facilitate future acquisitions by First REIT
- ▶ Expected to benefit First REIT by improving diversification of Gross Rental Income
- ▶ The operator of the properties will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation

\* Refers to the gross assets of First REIT, including First REIT's properties and authorised investments for the time being held or deemed to be held upon the trusts under the Trust Deed.



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# Possible acquisition targets in the region

First REIT has sufficient headroom for future acquisitions

## Indonesia

### Strong sponsor in Indonesia with healthy pipeline

- ▶ LK: 9 hospitals under Siloam Hospitals network
- ▶ 17 hospitals in the pipeline
- ▶ Nationally and internationally accredited
- ▶ Transformational hospital group scale-up to US\$3.5 billion in 5 years

### Completed developments

#### Siloam Hospitals Balikpapan



#### East Kalimantan

- 200 beds
- Completed: 2011

#### Siloam Hospitals Jambi



#### East Sumatra

- 100 beds
- Completed: 2011

### Developments to be completed by 2013

#### Siloam Hospitals Bali



#### Bali

- 334 beds

#### Siloam Hospitals Palembang



#### Sumatra

- 246 beds

#### Siloam Hospitals TB Simatupang



#### South Jakarta

- 300 beds

## Singapore

Governmental measures aimed at making healthcare more affordable to Singaporeans; more subsidies to cover social care for the elderly and health screening for the elderly

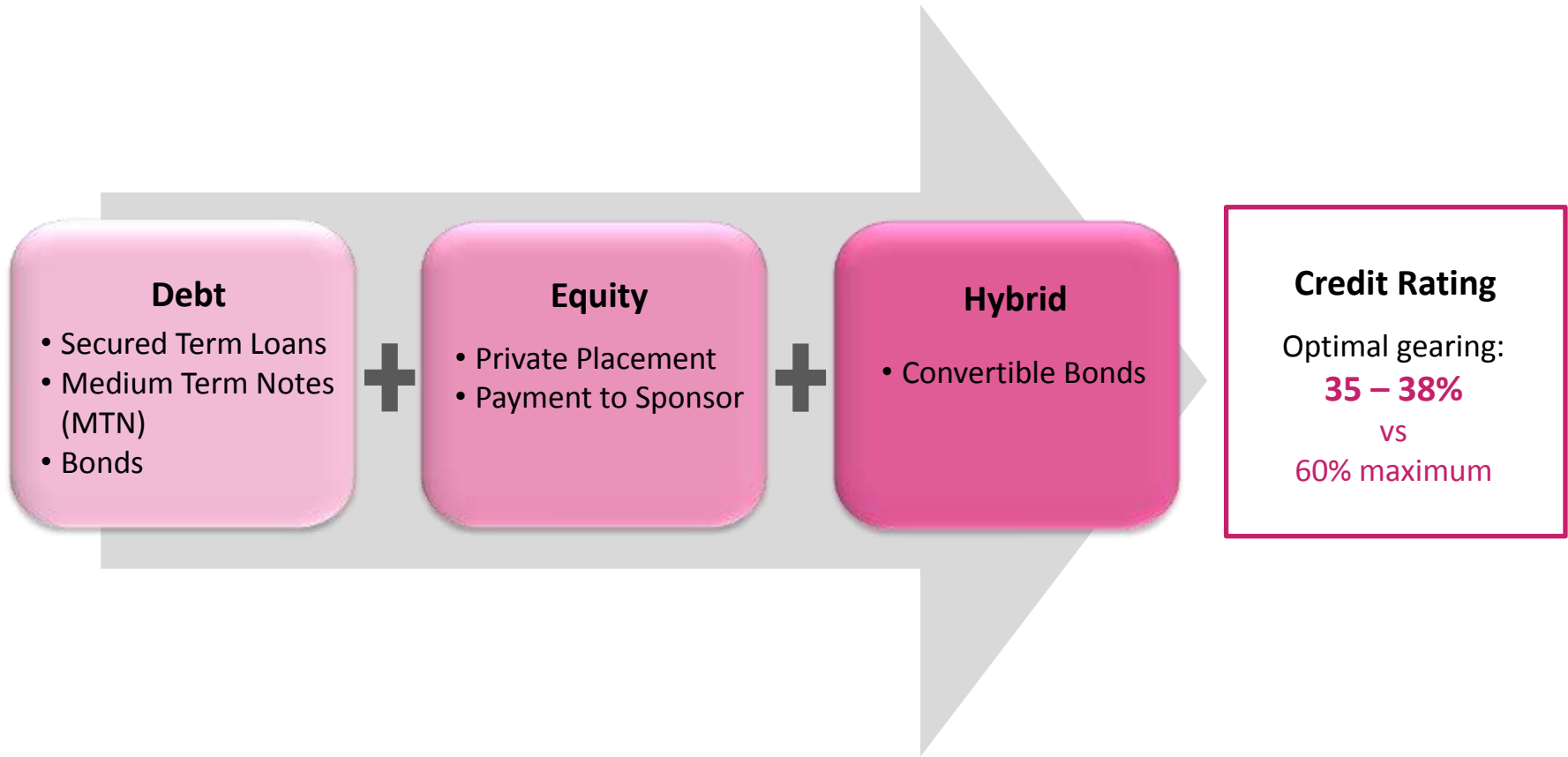
### ▶ **S\$120 million** “Nursing Home Development Programme”

- 6 new nursing homes over the next 3 years
- Demand for number of nursing home beds in Singapore projected to increase from **9,300** to **14,000** by 2020

## Other Markets

- ▶ Will continue to hunt for quality and yield-accretive healthcare-related assets in Asia
- ▶ Target to further raise asset base past S\$1 billion in the near future

# Options for future debt and equity (from 2013)



## Thank You

Q&As

