



# First REIT 2.0 Growth Strategy: Restructured, Refreshed & Ready to Grow

8 December 2021



# DISCLOSURE

This presentation has been prepared by First REIT Management Limited (formerly known as Bowsprit Capital Corporation Limited), in its capacity as the manager of First Real Estate Investment Trust (“First REIT” and as manager of First REIT, the “Manager”).

Investors have no right to request the Manager to redeem their units in First REIT (the “Units”) while the Units are listed. It is intended that holders of Units (“Unitholders”) may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The value of Units and the income from them may fall as well as 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.

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

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

# YOUR SPEAKERS TODAY



**Mr Christopher Williams**  
Chairman of the Board of the Manager



**Mr Victor Tan**  
Chief Executive Officer of the Manager

# AGENDA

- 1** Unveiling First REIT 2.0: Our New Growth Strategy
  - 2** First Steps: Proposed Acquisition of 12 Nursing Homes in Japan
  - 3** First Steps: Proposed Settlement of all Claims Relevant to the Terminated Development Works Agreement
  - 4** Key Takeaways: Our Next Phase of Growth
- 

**Appendix: Supplementary Slides**





# FIRST REIT 2.0

## OUR NEW GROWTH STRATEGY

*Hikari Heights Varus Tsukisamu Koen*

*25 and other lots, Misono 9jo 8-chome, Toyohiraku, Sapporo City, Hokkaido Prefecture*

# OUR VISION

***TO BECOME  
ASIA'S PREMIER  
HEALTHCARE TRUST***



**1. Restructured:**  
Stabilising Performance

**2. Refreshed:**  
Unveiling First REIT 2.0  
Growth Strategy

**3. Ready To Grow:**  
Execute First REIT 2.0  
Growth Strategy

# 1 Restructured STABILISING PERFORMANCE

Successful Sponsor-led restructuring with strong YTD TSR<sup>(1)</sup> of 51%

With the support of our Unitholders & Sponsor...

OUE

OUE LIPPO  
Healthcare

- ✓ Restructuring of Hospital Master Leases
- ✓ Extension of Hospital Master Leases by 5.2 years
- ✓ Sponsor Led S\$158mm Recapitalisation of First REIT
- ✓ Leveraging on Sponsor Network for S\$260mm Debt Refinancing

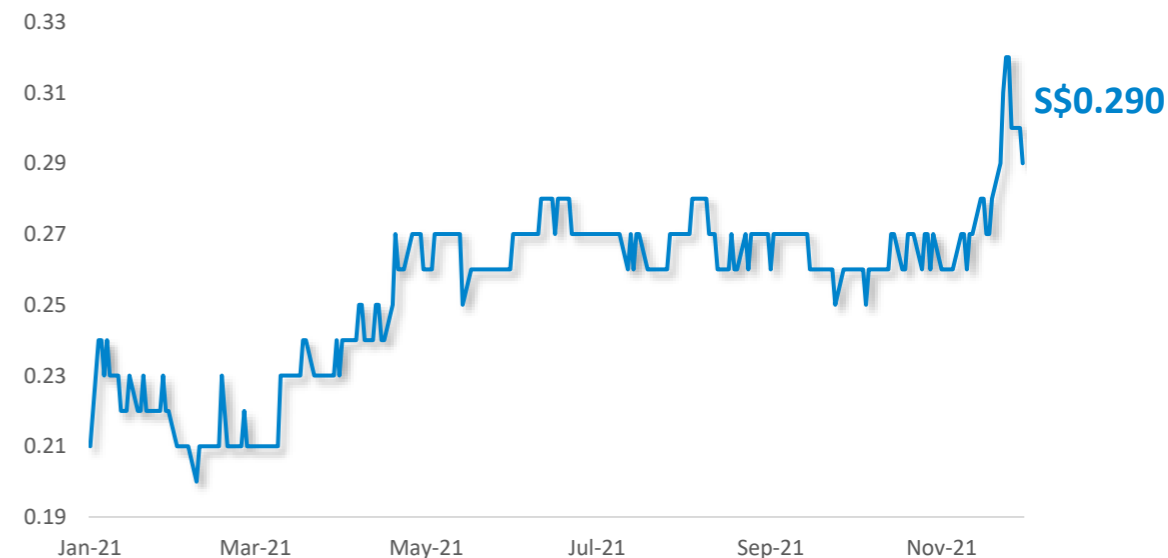
... we have improved unit price and returns for investors year-to-date

**+51%**

Total Returns<sup>(1)</sup>

**+36%**

Unit Price<sup>(2)</sup>



7 Source: FactSet (as of 30 November 2021)

(1) Refers to Total Shareholder Returns; based on compound total return with dividends assumed to be reinvested on the exdate

(2) Based on share price of S\$0.214 as at 1 January 2021 and S\$0.290 as at 30 November 2021



# 2 Refreshed UNVEILING FIRST REIT 2.0 GROWTH STRATEGY

## FIRST REIT 2.0

ASIA'S PREMIER HEALTHCARE TRUST

Benchmark Healthcare-focused REIT Positioned to Capture the Tailwinds in the Healthcare Real Estate Market with a Focus on 4 Strategic Pillars:



### Diversify into Developed Markets

*Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years*



### Reshape Portfolio for Capital Efficient Growth

*Recycle capital from non-core, non-healthcare assets*



### Strengthen Capital Structure to Remain Resilient

*Diversify funding sources and continue to optimise financial position*



### Continue to Pivot to Ride Megatrends

*Environmental, Social, and Governance (“ESG”), ageing population demographics and growth drivers*





# 3

Ready to Grow

## EXECUTING OUR 2.0 GROWTH STRATEGY

The first steps on our next phase of growth: two major transactions aligned with our new strategic pillars

**1. Transformational Acquisition of Our First Japan Assets**

+

**2. Proposed Settlement in Respect of the Terminated Development Works Adjacent to Siloam Hospitals Surabaya**



**Diversify into Developed Markets**



**Reshape Portfolio for Capital Efficient Growth**




**Strengthen Capital Structure to Remain Resilient**



**Continue to Pivot to Ride Megatrends**



2



# PROPOSED ACQUISITION OF 12 NURSING HOMES IN JAPAN

***Hikari Heights Varus Kotoni***

*8 and other lots, 24ken 4jo 1-chome, Nishi-ku, Sapporo City, Hokkaido Prefecture*



# TRANSACTION SUMMARY

<p><b>Proposed Acquisition</b></p>	<ul style="list-style-type: none"> <li>▪ The proposed acquisition of 100.0% of the issued and paid-up share capital of each of OUELH Japan Medical Facilities Pte. Ltd. (“<b>JMF</b>”), which owns a 100.0% interest in 12 nursing homes located in Japan (the “<b>Japan Nursing Homes</b>”), and OUELH Japan Medical Assets Pte. Ltd. (“<b>JMA</b>”)</li> </ul>
<p><b>Agreed Purchase Price<sup>(1)</sup> for Japan Nursing Homes</b></p>	<ul style="list-style-type: none"> <li>▪ JPY 24,213,000,000</li> </ul>
<p><b>Japan Nursing Homes Valuation<sup>(2)</sup></b></p>	<ul style="list-style-type: none"> <li>▪ JPY 25,173,000,000</li> <li>▪ Agreed Purchase Price of the Properties is at a 3.8% discount to the higher of two independent valuations</li> </ul>
<p><b>Purchase Consideration</b></p>	<ul style="list-style-type: none"> <li>▪ JMF Purchase Consideration: S\$163.2mm (subject to post-completion adjustments) based on the adjusted net asset value (“<b>NAV</b>”) of JMF as at completion of the Proposed JMF Acquisition, taking into account the Agreed Purchase Price for the Japan Nursing Homes and including S\$130.6mm<sup>(3)</sup> of debt</li> <li>▪ JMA Purchase Consideration: S\$0.3mm (subject to post-completion adjustments) based on the adjusted NAV of JMA as at completion of the Proposed JMA Acquisition</li> </ul>
<p><b>Proposed Funding</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Proposed Issuance of First REIT units to OLH Healthcare Investments Pte. Ltd. (being a wholly-owned subsidiary of OUE Lippo healthcare Limited)</b> <ul style="list-style-type: none"> <li>– Issuance of S\$131.5mm in new units</li> <li>– 431,147,541 Units issued at S\$0.305 or 9.3% and 3.4% premium to the 3-month VWAP<sup>(4)</sup> and current share price respectively (S\$0.279 and S\$0.295 as of 6 Dec 2021)</li> </ul> </li> <li>▪ <b>S\$15.8mm paid in cash (excl. transaction costs)</b></li> <li>▪ <b>S\$16.2mm of Intercompany Balances<sup>(5)</sup> taken over</b></li> </ul>

(1) Negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations

(2) Based on the higher of the two independent valuations by Cushman & Wakefield K.K. (“**CWKK**”) and CBRE K.K. (“**CBRE**”) as of 29 October 2021.

(3) Refers to debt net of transaction costs

(4) Refers to Volume Weighted Average Price

(5) Net-off against the obligation of OUELH to pay the total consideration payable to the Trustee for the novation from OUELH to the Trustee of (a) certain intercompany balances and other amounts between OUELH and the JMF Group Companies and (b) certain intercompany balances between OUELH or a subsidiary of OUELH and HJKK and JMA

# PORTFOLIO OVERVIEW

Portfolio of 12 high quality freehold nursing homes which are well-placed across Japan


## JAPAN NURSING HOMES PORTFOLIO

 **12**  
NURSING HOMES

 **JPY 25.2 bn**  
VALUATION OF THE PROPERTIES<sup>(1)</sup>

 **4**  
Prefectures in Japan

 **1,451**  
Rooms

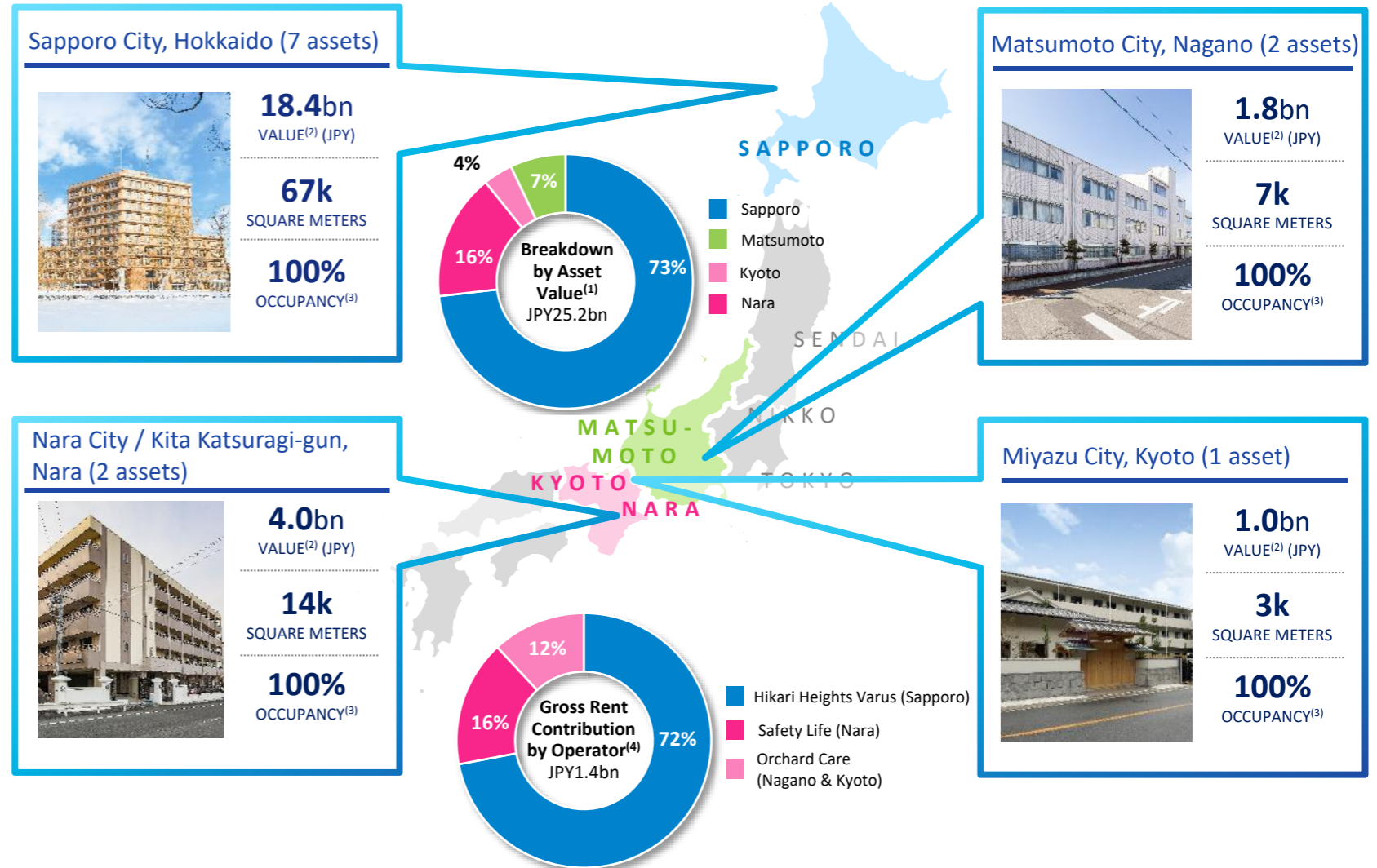
 **91k**  
Gross Floor Area (Sq m)

 **c.22 Years**  
WALE<sup>(2)</sup>

 **100%**  
FREEHOLD LAND

 **100%**  
COMMITTED OCCUPANCY<sup>(3)</sup>

## JAPAN NURSING HOMES BY PREFECTURE



(1) Refers to the aggregate of the higher of the two independent valuations of each Japan Nursing Home by CWKK and CBRE as of 29 October 2021.  
 (2) Refers to the higher of the two independent valuations of each Japan Nursing Home by CWKK and CBRE as of 29 October 2021.  
 (3) Portfolio is 100% master-leased to third party tenant-cum-operators  
 (4) As at 29 October 2021



# TRANSACTION RATIONALE

*In-line with First REIT's 2.0 strategy*

- 1 Strategic Entry into Attractive Japan Nursing Home Market**

---

- 2 Enlarged and Diversified Portfolio Positioned for Long-term Growth**

---

- 3 DPU Accretive Acquisition**

---

- 4 Consistent with First REIT 2.0 Strategy and Reflects the Sponsor's Commitment to First REIT**

---

- 5 Positions First REIT Competitively to Peer**



# 1 Strategic Entry into the Attractive Japan Nursing Home Market

## GROWING DEMAND DRIVEN BY AGEING POPULATION

An inadequate supply of high quality facilities to serve the huge growing demand driven by Japan's rapidly ageing population will benefit existing nursing home owners

### Strong Fundamental Growth Drivers



One of the Most Rapidly Ageing Countries in the World

By 2040 in Japan

**35.3%**

of Population with Age >65

**85yrs**

Average Life Span



Nursing Homes are Considered Essential Services in Later Stages of Life

- ✓ Accessible to all through Long-term Care Insurance benefits regardless of income levels
- ✓ No social stigma associated with sending elderly parents to live in nursing homes
- ✓ Expected 28% increase from 2020 to 2040 in the number of elderly people living alone due to shrinking household sizes

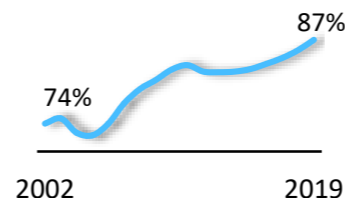
### Inadequate Supply to Support Surge in Demand

#### Surge in Demand for Nursing Homes

Number of people certified as requiring long-term care (Mar '08-'21)

**1.5x** ↑

Occupancy rate for Fee-based nursing homes for Elderly



#### Inadequate Supply of Fee-based Nursing Homes for Elderly

- ✓ Labour shortage
- ✓ Government restrictions on building more elder care public facilities

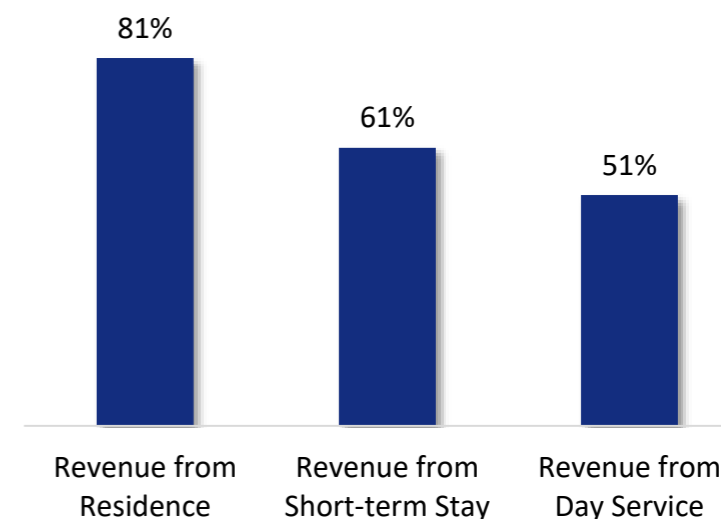
Approx. **292k** (2019)

Elderly people on long waiting lists for placements in Designated Facilities Covered by Public Aid Providing Long-term Care to the Elderly

### Proven to be High Quality and Resilient throughout the Pandemic

#### Limited Impact from Covid-19 has Proven Quality of Nursing Home Market in Japan

Percentage of Facilities that Did Not Experience Revenue Decline During Covid-19<sup>(1)</sup>





# 2 Enlarged and Diversified Portfolio Positioned for Long-term Growth

## HIGH-QUALITY DEFENSIVE PORTFOLIO WITH STRONG OPERATORS

The Japan Nursing Homes are 100% master-leased to independent, well-established and experienced local nursing home operators

### Highly Defensive Cashflows

**Master Tenanted<sup>(1)</sup>**

**100%**  
of Leases

**Fixed Rent<sup>(2)</sup>**

Annual rental may be revised upwards every 2 to 3 years upon negotiation

**100%**  
of Leases

**Back-Up Operator Clause**

**100%**  
of Leases

Source: IMR

(1) Under the terms of each of the Master Lease Agreements, the relevant master lessee is required to pledge to the lessor a rental deposit for an amount equal to six months or four months of the monthly rent payable by the relevant master lessee in accordance with the terms of the relevant Master Lease Agreement

(2) Under the terms of each of the master lease agreements in respect of the Japan Nursing Homes, the annual rent shall be a fixed amount, save that such annual rent may be revised every two years or three years upon negotiation based on the increase in prices and interest rates. The rent may not be reduced unless certain requirements under Article 32 of the Act on Land and Building Leases are met.

(3) As at 29 October 2021

### High Quality Operators



**Safety Life Co., Ltd**

**Orchard Care Co., Ltd**

Japan Nursing Homes

**7** in Sapporo

**2** in Nara

**2** in Nagano  
**1** in Kyoto

Operating Track Record<sup>(2)</sup>

**34** years

**21** years

**7** years

Gross Rent Per Annum<sup>(3)</sup>

**JPY1.0bn | 72%**  
of Portfolio

**JPY219mm | 16%**  
of Portfolio

**JPY162mm | 12%**  
of Portfolio

- ✓ **Listed** on Sapporo Stock Exchange with **320** employees
- ✓ **2<sup>nd</sup> largest** operator in Sapporo with **9** facilities
- ✓ **High degree** of **recognition** and **credibility** in Sapporo

- ✓ Operates **5** facilities in Nara
- ✓ **Highly experienced** and **well-regarded** nursing home operator in Nara

- ✓ Operates **5** facilities across Osaka, Kyoto, Nagano and Shizuoka
- ✓ **Well-regarded** and **profitable** nursing home operator

# 2 Enlarged and Diversified Portfolio Positioned for Long-term Growth (Cont'd)

## ENHANCED DIVERSIFICATION

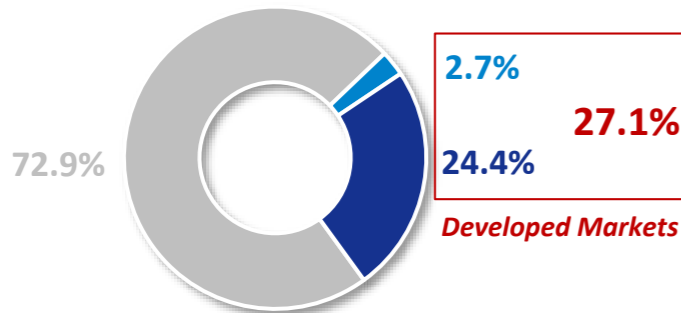
The Proposed Acquisition will allow First REIT to reduce its concentration risk, enhance 3<sup>rd</sup> party tenant diversification and increase proportion of freehold assets

### Geographic Diversification by Asset Value<sup>(1)</sup>

Pro Forma 1H2021  
Before the Proposed Acquisition



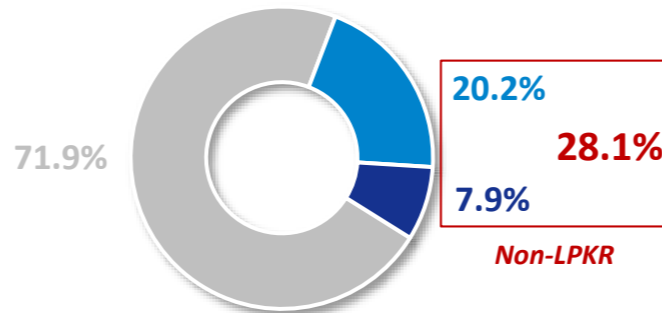
Pro Forma 1H2021  
After the Proposed Acquisition



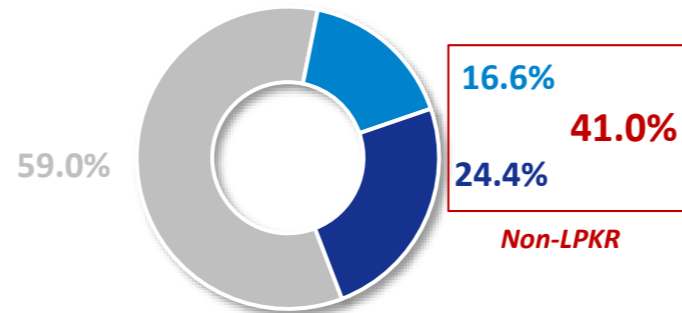
■ Indonesia ■ Singapore ■ Japan

### Lease Diversification by Rental Income<sup>(2)</sup>

Pro Forma 1H2021  
Before the Proposed Acquisition



Pro Forma 1H2021  
After the Proposed Acquisition



■ LPKR ■ Siloam ■ 3<sup>rd</sup> Parties<sup>(3)</sup>

### Land Tenure Enhancement by Asset Value<sup>(1)</sup>

Pro Forma 1H2021  
Before the Proposed Acquisition



Pro Forma 1H2021  
After the Proposed Acquisition



■ Freehold / HGB<sup>(4)</sup> ■ Leasehold / BOT<sup>(4)</sup>

(1) Based on the Agreed Purchase Price of the Japan Nursing Homes as at 29 October 2021 and the existing portfolio of First REIT as at 30 June 2021 (excluding Sarang Hospital).

(2) Based on rental income received as of the first six-month period of the financial year ending 31 December 2021 from 1 January 2021 to 30 June 2021 ("1H2021"); but excluding the rental income from Sarang Hospital. Rental income from third parties refer to rental income derived from PT Metropolis Propertindo Utama, tenants of the Singapore Nursing Homes and tenants of the Japan Nursing Homes but excludes that of Sarang Hospital.

(3) Third parties refer to tenants who are unrelated to LPKR, PT Siloam International Hospitals Tbk or their subsidiaries.

(4) Based on the Agreed Purchase Price of the Japan Nursing Homes as at 29 October 2021 and the Existing Portfolio. Land tenure by value; the two types of property titles in Indonesia are Freehold / HGB; and Leasehold / Build, Operate and Transfer ("BOT"), which includes Strata Title on BOT and Normal Title on BOT

# 2 Enlarged and Diversified Portfolio Positioned for Long-term Growth (Cont'd)

## HEDGING EXCHANGE RATE RISK

The Proposed Acquisition is expected to help hedge against fluctuation in exchange rate given low correlation between SGD-IDR and SGD-JPY

### Geographical Diversification

by Rental Income<sup>(1)</sup>

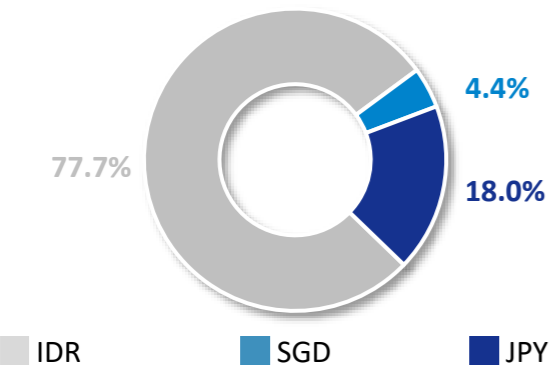
Pro Forma 1H2021

Before the Proposed Acquisition



Pro Forma 1H2021

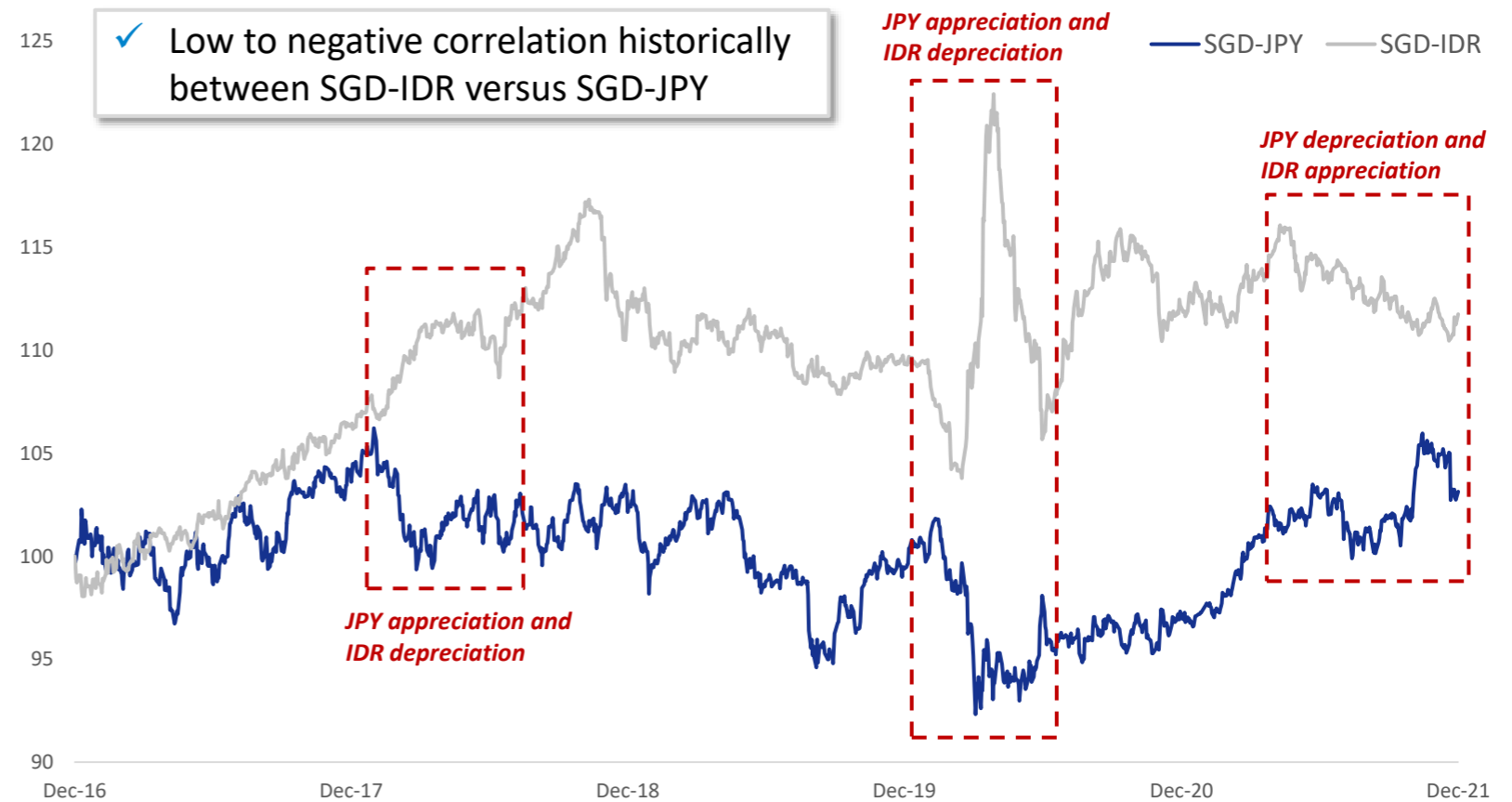
After the Proposed Acquisition



■ IDR ■ SGD ■ JPY

### 5-year Historical SGD-IDR and SGD-JPY<sup>(2)</sup>

Rebased to 100



17 (1) Based on rental income received as of the first six-month period of the financial year ending 31 December 2021 from 1 January 2021 to 30 June 2021 ("1H2021"); but excluding the rental income from Sarang Hospital.  
 (2) FactSet (as of 3 December 2021)



# 2 Enlarged and Diversified Portfolio Positioned for Long-term Growth (Cont'd)

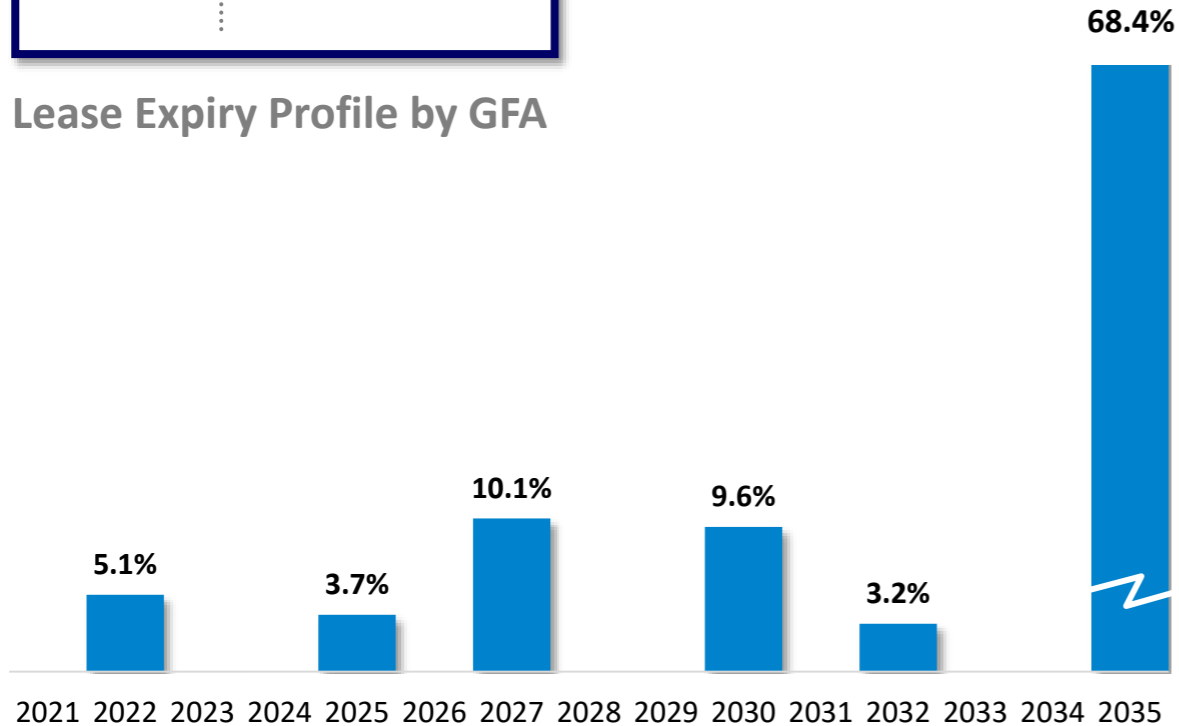
## IMPROVED RENTAL STABILITY AND WEIGHTED AVERAGE LEASE EXPIRY

The Proposed Acquisition is expected to provide high income stability and cashflow visibility to First REIT

### Pro Forma 1H2021 Before the Proposed Acquisition



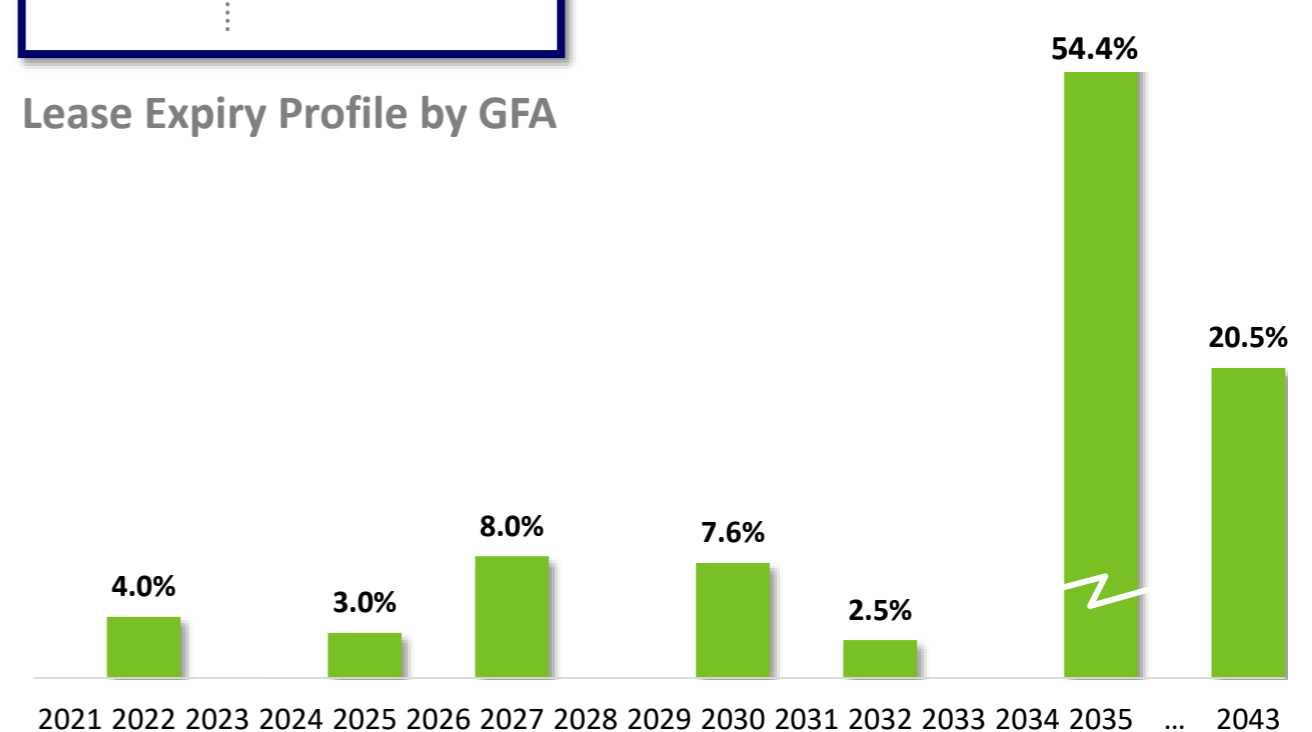
Lease Expiry Profile by GFA



### Pro Forma 1H2021 After the Proposed Acquisition



Lease Expiry Profile by GFA



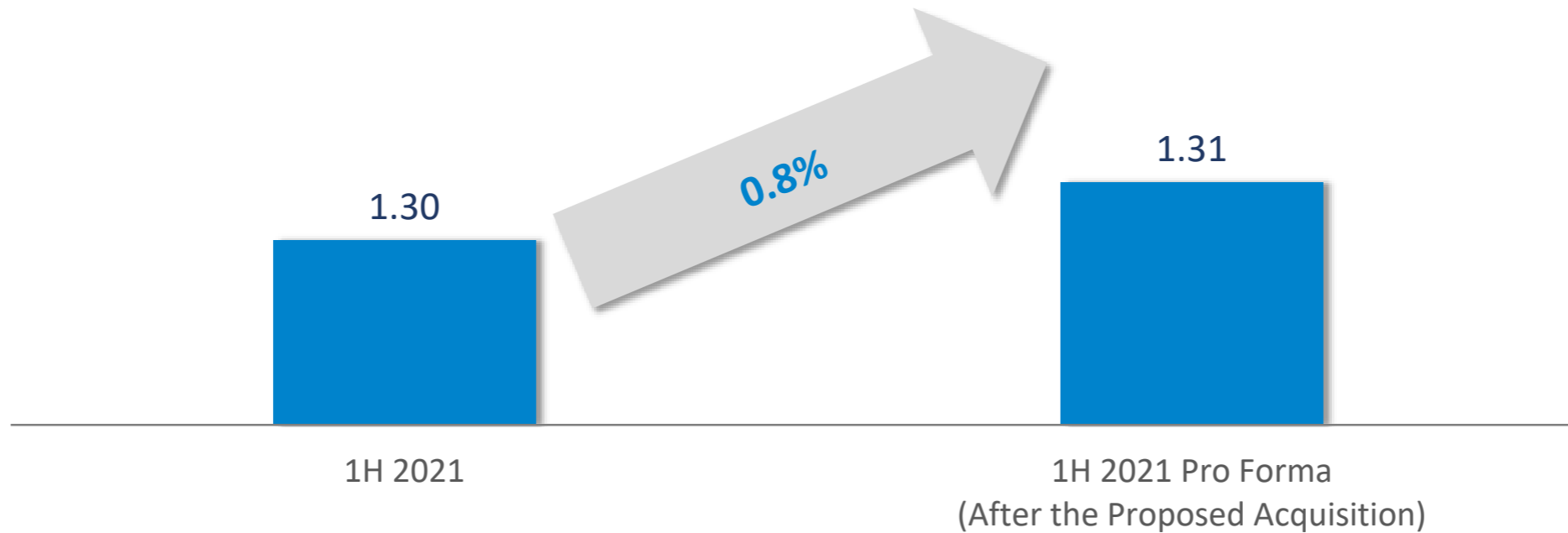
18 (1) Based on First REIT's existing portfolio as at 30 June 2021, excluding Sarang Hospital, including the renewed IAHC master lease agreement as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.

# 3 DPU Accretive Acquisition BENEFIT TO UNITHOLDERS

First REIT's 1H 2021 pro forma DPU will increase from 1.30 Singapore cents to 1.31 Singapore cents, translating to a pro forma DPU accretion of 0.8%

## 1H 2021 Pro Forma<sup>(1)</sup> DPU (For Illustrative Purposes Only)

DPU (Singapore Cents)



# 4 Consistent with First REIT 2.0 Strategy and Reflects the Sponsor's Commitment to First REIT REPOSITIONED FOR GROWTH

The Proposed Acquisition is First REIT's maiden entry into the highly attractive Japan nursing home market and is consistent with the First REIT 2.0 Strategy

In-line with First REIT 2.0 Strategy

Platform in Japan for Further Growth



## Diversify into Developed Markets

Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years



## Reshape Portfolio for Capital Efficient Growth

Recycle capital from non-core, non-healthcare assets



## Strengthen Capital Structure to Remain Resilient

Diversify funding sources and continue to optimise financial position

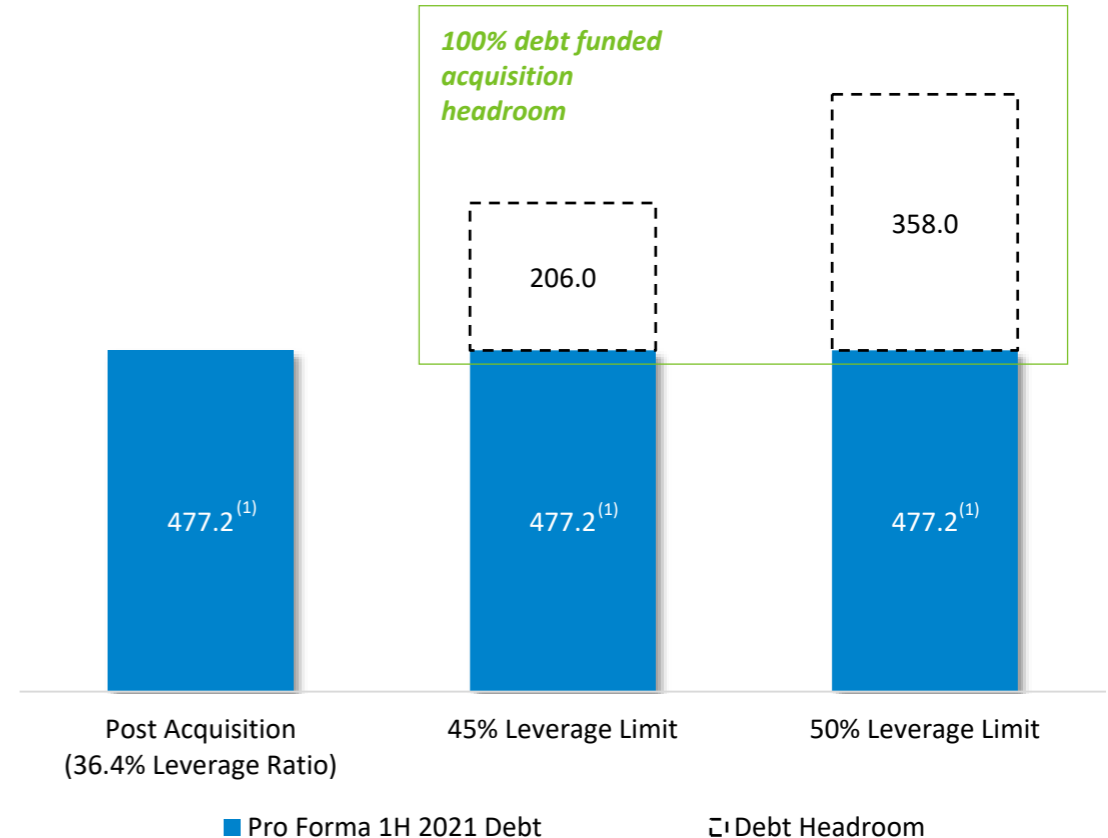


## Continue to Pivot to Ride Megatrends

ESG, ageing population demographics and growth drivers

## Debt Headroom Provides Capital for Growth

(S\$m)



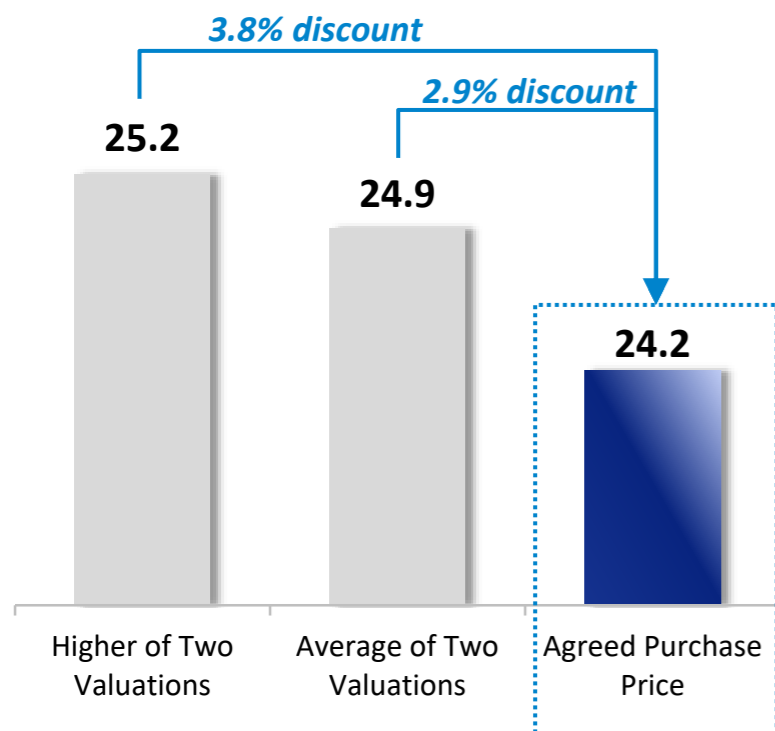


# 4 Consistent with First REIT 2.0 Strategy and Reflects the Sponsor's Commitment to First REIT ALIGNMENT WITH UNITHOLDER INTERESTS

The Proposed Acquisition with three pillars of support from the Sponsor is a testament to the Sponsor's firm commitment to the First REIT 2.0 Strategy

## Acquisition at a Discount

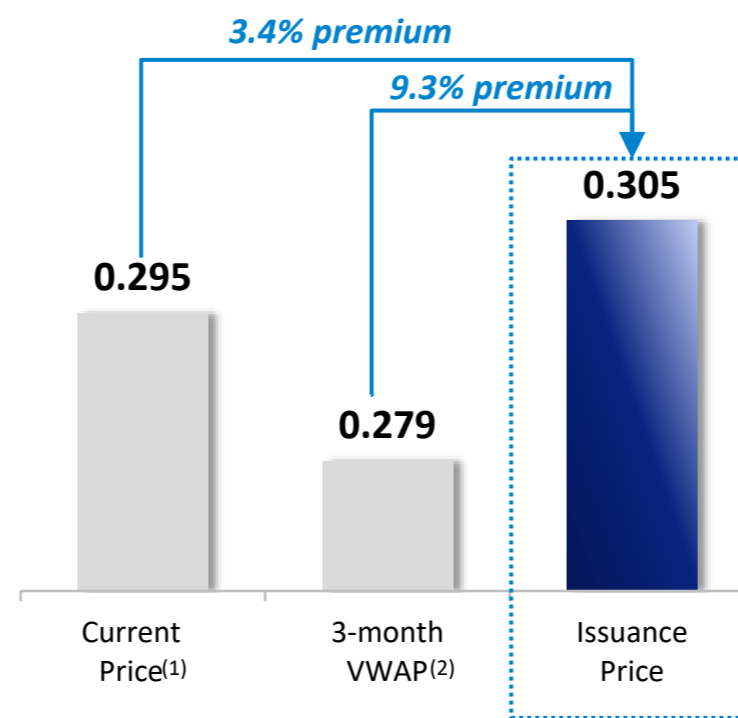
(JPYbn)



The Agreed Purchase Price is at a **2.9% (JPY0.7bn) and 3.8% (JPY1.0bn) discount** to the aggregate of the averages and higher of the two independent valuations of each Japan Nursing Home respectively

## Issuance at a Premium

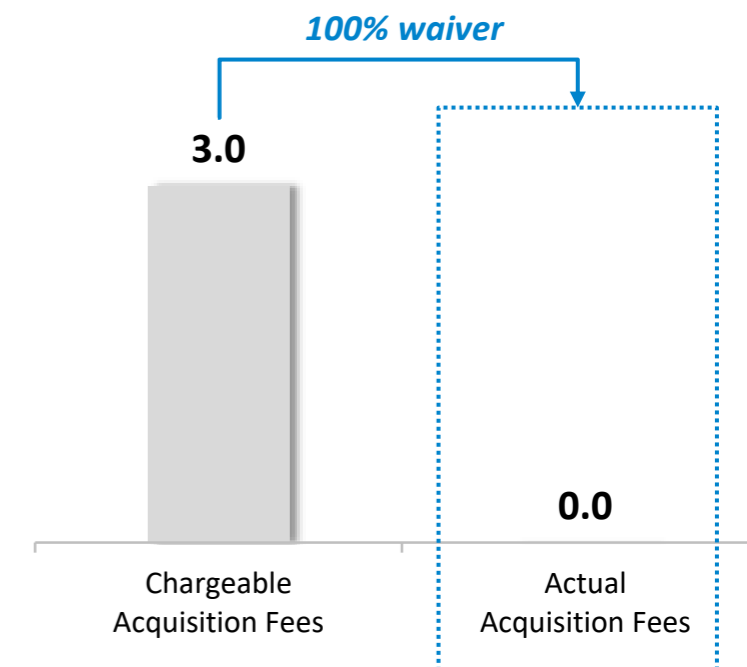
(S\$)



The Sponsor will **undertake the entire issuance of 431mm units or S\$131.5mm at a 3.4% and 9.3% premium** to the Current Price and 3-month VWAP respectively

## Waiver of Acquisition Fees

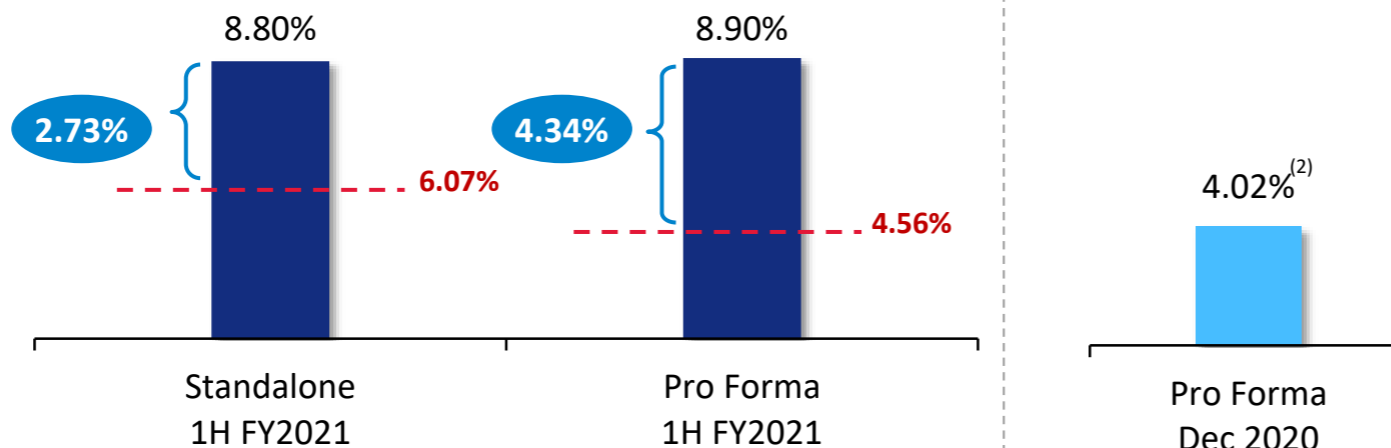
(S\$mm)



The Manager has elected to **voluntarily waive the acquisition fee which would have been payable to the Manager of approx. S\$3.0mm** to facilitate First REIT's maiden entry into the Japan nursing home market to align interests with Unitholders

# 5 Positions First REIT Competitively to Peer POSITIONING AGAINST S-REIT HEALTHCARE PEER

■ DPU Yield  
● Spread vs Blended Risk Free<sup>(1)</sup>  
- - Blended Risk Free



Valuation	Mkt Cap (S\$mm)	475	602	3,013
	Price/NAV	0.84x	0.88x	1.82x <sup>(2)</sup>
Portfolio	AUM (S\$mm)	940	1,242	1,990
	Geographic Breakdown	ID: 96.4% SG: 3.6%	ID: 72.9% JP: 24.4% SG: 2.7%	SG: 61.0% JP: 38.7% MY: 0.3%
	Land Tenure	85.4% Freehold / HGB 14.6% Leasehold / BOT <sup>(3)</sup>	88.9% Freehold / HGB 11.1% Leasehold / BOT <sup>(3)</sup>	35.5% Freehold 64.5% Leasehold / BOT <sup>(4)</sup>
	Cost of Debt	4.2%	3.4%	0.53% <sup>(5)</sup>

## An Attractive Investment Opportunity

- ✓ Attractive entry valuation within healthcare sector of 0.88x Pro Forma P/NAV as at 30 June 2021
- ✓ Attractive annualized 1H 2021 Pro Forma DPU yield of 8.90%<sup>(6)</sup>
- ✓ High-quality portfolio of assets with predominantly freehold / HGB land
- ✓ Potential further capital structure optimisation to reduce cost of debt

Source: Company Filings, Factset (as at 6 Dec 2021), Bloomberg (as at 6 Dec 2021)

(1) Computed as DPU Yield over blended risk free spread. Blended risk free spread is computed based on the pro-rata asset contribution from Indonesia(72.3%, Rf: 6.24%), Singapore (2.7%, Rf: 1.68%) and Japan (25.0%, Rf: 0.00475%)

(2) Based on reported Pro Forma financials of S-REIT Peer as at 31 December 2020 with effects of Proposed entry into New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement announced on 14 July 2021. Note that the Renewal Capex Works will take ~3 years to complete.

(3) Based on the Agreed Purchase Price of the Japan Nursing Homes as at 29 October 2021 and the Existing Portfolio as at 30 June 2021. Land tenure by value; the two types of property titles in Indonesia are Freehold / HGB; and Leasehold / Build, Operate and Transfer ("BOT"), which includes Strata Title on BOT and Normal Title on BOT.

(4) Based on latest appraised value per investor presentation dated 3 November 2021

(5) Based on effective all-in cost of debt per investor presentation dated 3 November 2021

(6) Computed based on First REIT's closing price of S\$0.295 as at 6 December 2021

# TRANSACTION FUNDING

S\$mm

Estimated Total Acquisition Cost	
JMF Purchase Consideration	\$163.2
JMA Purchase Consideration	0.3
Transaction Costs <sup>(1)</sup>	4.5
<b>Total</b>	<b>\$168.0</b>

S\$mm

Method of Financing	
Consideration units	\$131.5
Total Intercompany Balances taken over <sup>(2)</sup>	16.2
Cash (incl. transaction costs)	20.3
<b>Total</b>	<b>\$168.0</b>

(1) The estimated stamp duties, professional and other fees and expenses incurred or to be incurred by First REIT in connection with the Proposed Acquisition

(2) Net-off against the obligation of OUELH to pay the total consideration payable to the Trustee for the novation from OUELH to the Trustee of (a) certain intercompany balances and other amounts between OUELH and the JMF Group Companies and (b) certain intercompany balances between OUELH or a subsidiary of OUELH and HJKK and JMA



# 1H 2021 PRO FORMA FINANCIALS

1H 2021 Pro Forma Financials<sup>(1)</sup> (For Illustrative Purposes Only)

S\$mm	Before the Proposed Acquisition <sup>(2)</sup>	Immediately After the Proposed Acquisition	% Change
Net Property Income	37,612	45,202	20.2%
Distributable Income	20,887	26,800	28.3%
DPU (Singapore Cents)	1.30	1.31	0.8%
Total Debt <sup>(3)</sup>	346,621	477,192	37.7%
Gearing (%)	34.1%	36.4%	+227bps
NAV Per Unit (Singapore Cents)	35.12	33.68	(4.1%)

(1) For the Pro Forma Financial Effects of the Proposed Acquisition, please refer to Paragraph 8 of the announcement "Proposed Acquisition of 12 Nursing Homes Located in Japan and the Proposed Settlement in Respect of the Terminated Development Works Adjacent to Siloam Hospitals Surabaya" dated 8 December 2021

(2) Based on the 1H2021 Unaudited Consolidated Financial Statements

(3) Debt is presented net of transaction costs



# **PROPOSED SETTLEMENT**

## **FOR TERMINATED DEVELOPMENT WORKS AGREEMENT**

# TRANSACTION SUMMARY & RATIONALE

Full and Final Settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments, the Interests and the Project Expenses

## Transaction Summary<sup>(1)</sup>

To Receive Settlement fees and claims for the Terminated Development Works Agreement\* with PT Saputra Karya (“PT SK”), an indirect wholly-owned subsidiary of PT Lippo Karawaci Tbk (“LPKR”)

(\*Works had been delayed since 2018 due to road subsidence and agreement was mutually terminated in June 2020)

Aggregate settlement amount:

**S\$30.6mm**

Comprising:

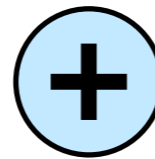
- Equivalent of S\$27.0mm in progress payments,
- Equivalent of S\$2.7mm in interest, and
- S\$0.9mm in project expenses incurred, in relation to the Development Works Agreement

## Transaction Benefits

### 1 Immediately strengthens financial position

**Proposed Settlement will strengthen capital structure and allow capital recycling towards higher-growth areas:**

*Proceeds may be used to repay debt, finance capital expenditure and asset enhancement works and/or to finance general corporate and working capital requirements*



### 2 De-risks portfolio, ensuring greater focus and resilience

**Proposed Settlement puts a finality for the delayed project:** Previously planned works to rejuvenate the mature asset, Siloam Hospitals Surabaya, have been delayed since late 2018.

*Restarting works will be complex and could cause further delays in obtaining cashflow from this facility*



4

# KEY TAKEAWAYS

## OUR NEXT PHASE OF GROWTH

***Hikari Heights Varus Fujino***

*240-1 and other lots, Fujino 3jo 11-chome, Minamiku, Sapporo City, Hokkaido Prefecture*



# TOWARDS BEING A PREEMINENT PAN-ASIAN HEALTHCARE REIT

**FIRST REIT**

ASIA'S PREMIER HEALTHCARE TRUST

Committed Sponsors – OUE and OUE Lippo Healthcare

**2<sup>nd</sup>** LARGEST ASIAN HEALTHCARE REIT  
BY TOTAL ASSETS

**S\$1.3bn** TOTAL ASSETS

**14.0** years  
WALE<sup>(1)</sup>

**31**  
NO. OF PROPERTIES<sup>(2)</sup>

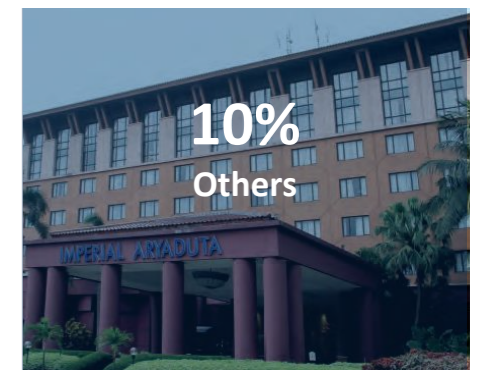
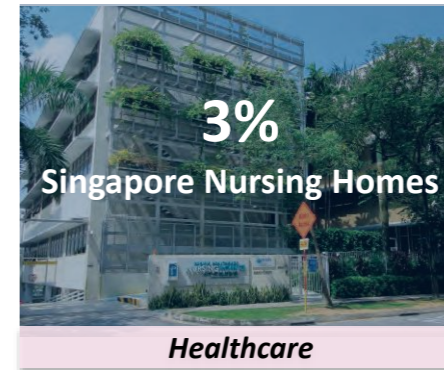
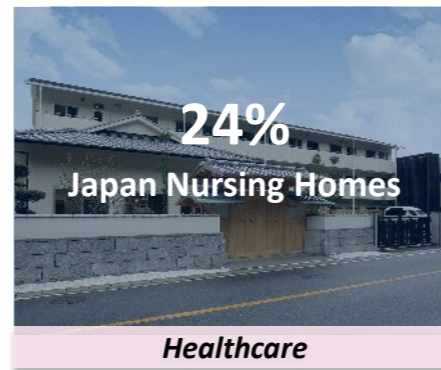
**445k** sqm  
GFA

**89%** Freehold / HGB

**11%** Leasehold / BOT  
LAND TENURE<sup>(3)</sup>

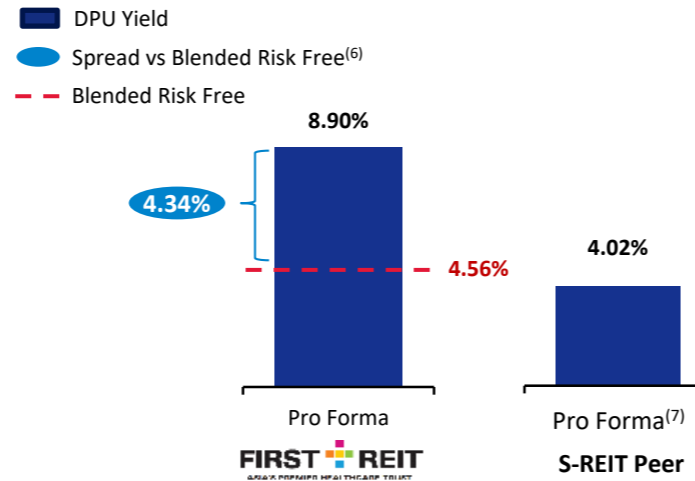
**3.1%**  
BASE RENT ESCALATION<sup>(4)</sup>

**100%**  
OCCUPANCY RATE<sup>(5)</sup>



## First REIT 2.0 – Positioned for Further Growth

### Highly Attractive Yield Spread vs Key SREIT Peer



**FIRST REIT 2.0**  
ASIA'S PREMIER HEALTHCARE TRUST

- Diversify Into Developed Markets**  
Reduce geographical and tenant concentration risk; target to reduce Indonesia assets to <50% of portfolio in 3-5 years
- Reshape Portfolio For Capital Efficient Growth**  
Recycle capital from non-core, non-healthcare assets
- Strengthen Capital Structure To Remain Resilient**  
Diversify funding sources & continue to optimise financial position
- Continue To Pivot To Ride Megatrends**  
ESG, ageing population demographics and growth drivers

(1) Based on First REIT's existing portfolio as at 30 June 2021, excluding Sarang Hospital, including the renewed IAHCC master lease agreement as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.  
 (2) Excluding Sarang Hospital which was divested in Aug 2021  
 (3) Land tenure by value; the two types of property titles in Indonesia are Freehold / Hak Guna Bangunan ("HGB"); and Leasehold / Build, Operate and Transfer ("BOT"), which includes Strata Title on BOT and Normal Title on BOT  
 (4) Blended rent escalation rates by value  
 (5) Portfolio is 100% master-leased  
 (6) Computed as DPU Yield over blended risk free spread. Blended risk free spread is computed based on the pro-rata asset contribution from Indonesia (72.3%, Rf: 6.24%), Singapore (2.7%, Rf: 1.68%) and Japan (25.0%, Rf: 0.00475%)  
 (7) Based on reported pro forma financials of S-REIT peer as at 31 Dec 2020 with pro forma effects of proposed entry into New Master Lease Agreements for the Singapore Hospitals and Renewal Capex Agreement announced on 14 July 2021

# We Are Asking Unitholders To Approve:

## A Transformational Acquisition Of Our First Japan Assets, Funded By DPU-Accretive Placement

### Why This Transaction Will Benefit Unitholders

- ✓ DPU-Accretive to Unitholders on a Pro Forma basis
- ✓ Strategic entry into the Japan nursing home market
- ✓ Diversification of geographical footprint and asset spread

## Proposed Settlement for Terminated Development Works Agreement

### Why This Transaction Will Benefit Unitholders

- ✓ Immediately strengthens financial position
- ✓ De-risks portfolio, ensuring greater focus and resilience

A Unitholders' Circular in relation to the Proposed Acquisition and Proposed Settlement, together with a notice of the EGM to be convened, will be despatched electronically to Unitholders in due course

# KEY CONTACTS AND TRANSACTION PARTIES

## Key Transaction Parties

Financial Adviser

**BofA SECURITIES** 

Legal Adviser

**ALLEN & GLEDHILL**

Independent Financial  
Advisor (IFA)

 **STIRLING COLEMAN**  
施霖高诚

Reporting Accountant



Independent Market  
Research Consultant

 **CUSHMAN &  
WAKEFIELD**

Independent Valuers

 **CUSHMAN &  
WAKEFIELD** **CBRE**

For media/investor relations queries relating to this announcement, please contact:

**WATATAWA Consulting**

Josephine Chew – [jchew@we-watatawa.com](mailto:jchew@we-watatawa.com)

Ong Chor Hao – [chorhao@we-watatawa.com](mailto:chorhao@we-watatawa.com)

**First REIT**

[ir@first-reit.com](mailto:ir@first-reit.com)



# APPENDIX: FAVOURABLE REGIONAL DEMOGRAPHIC TRAITS SUPPORT GROWTH

The Japan Nursing Homes are located across regions with favourable demographic traits that support and sustain the growth of nursing home demand

## Characteristics of Prefecture

### SAPPORO, HOKKAIDO

Internationally Recognized Tourist Destination



- ✓ **Sapporo-shi:** Designated “Ordinance-designated city<sup>(1)</sup>” in Japan
- ✓ 5th largest population in Japan
- ✓ Significant nursing care demand is predicted versus national average
- ✓ Limited new supply of fee-based nursing homes for elderly due to volume control by Sapporo city office

### MATSUMOTO, NAGANO

Home to Matsumoto Castle, a National Treasure



- ✓ **Masumoto-shi:** Designated “core city<sup>(2)</sup>” in Japan
- ✓ Most number of urban district shopping malls in Nagano
- ✓ 3rd largest industrial manufacturing output in Nagano

### NARA-SHI/KORYOCHO, NARA

Home to 3 of Japan's World Heritage Sites



- ✓ **Nara-Shi:** Designated “core city<sup>(2)</sup>” in Japan; one of the most prominent tourist cities
- ✓ **Koryocho:** Has idyllic scenery and Mamigaoka area, one of the most comfortable residential areas in Nara
- ✓ Significant nursing care demand is predicted versus national average

### MIYAZU, KYOTO

Home to Amanohashidate, Japan's Top 3 Scenic Spot

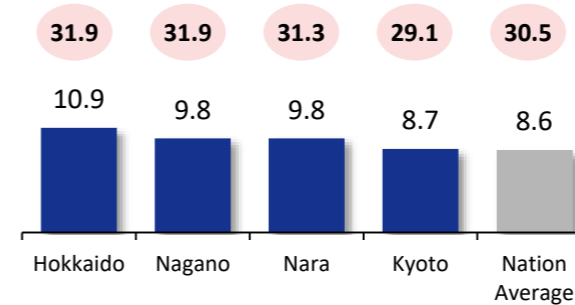


- ✓ Location facing the Japan sea
- ✓ Has only one fee-based Home for the Elderly with nursing care with 100% occupancy rate

## Demand and Supply Dynamic by Prefecture

### Ageing Rapidly...

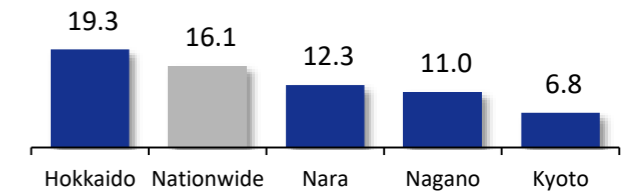
Expected Growth in Ageing Rate (bps) from 2019 to 2045



Ageing Rate (%) in 2019 by Prefecture

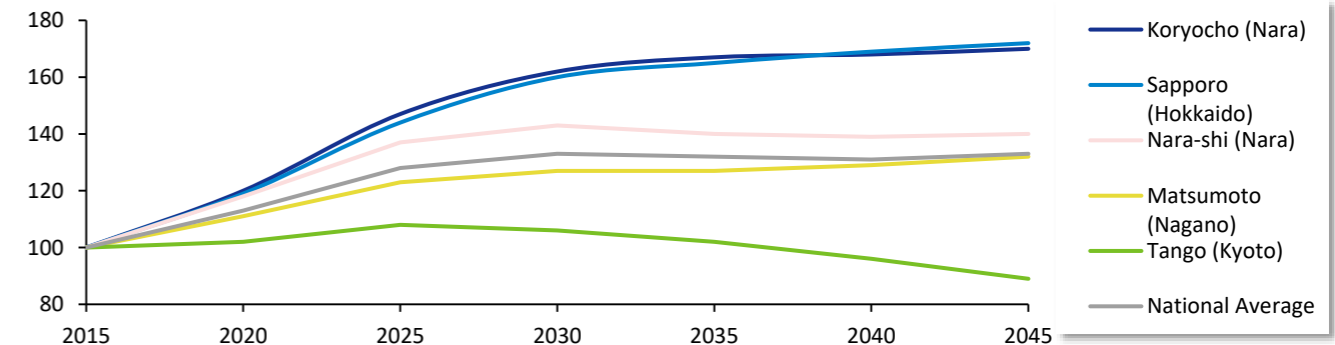
### ...Coupled with Strained Supply

Ratio of Fee-based nursing homes for Elderly Capacity (People) to Every 1000 Elderly in 2019



### ...Results in More Defensive Demand<sup>(3)</sup>

Indicator of Demand for Nursing Care (Index 2015=100)



Source: IMR

(1) An “Ordinance-designated city” is a Japanese city that has a population greater than 500,000 and has been designated as such by order of the Cabinet of Japan under Article 252, Section 19 of the Local Autonomy Law. There are 20 designated cities in total. Designated cities are required to subdivide themselves into wards, each of which has a ward office conducting various administrative functions for the city government, such as koseki and juminhyo resident registration and tax collection.  
 (2) Core cities are generally cities whose populations are greater than 200,000. These core cities are delegated many functions normally carried out by prefectural governments, but not as many as designated cities.  
 (3) Despite predictions of moderate demand in the Tango medical district, demand for Orchard Amanohashidate is expected to be stable in the future as it is the only Fee-based Nursing Home for the Elderly within Miyazu with an occupancy rate of 100%.



