



First REIT

Extraordinary General Meeting

28 January 2022

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.

This presentation is qualified in its entirety by, and should be read in conjunction with, the full text of the circular to Unitholders dated 6 January 2022 (the “Circular”). Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Circular.

Agenda

- 1 Overview of First REIT 2.0 Growth Strategy**
- 2 Overview of Proposed Transactions**
- 3 Rationale for the Proposed Transactions**
- 4 Summing up**



1

OVERVIEW OF FIRST REIT 2.0 GROWTH STRATEGY

Hikari Heights Varus Fujino

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

Restructured, recapitalised, repositioned for sustainable future growth

With YOUR Support and Support from Our Sponsors...

... We Have Improved Unit Price and Returns for Investors to date since 1 January 2021

- ✓ 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

OUE

OUE LIPPO
Healthcare



Source: FactSet (as of 18 January 2022)

(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\$0.305 as at 18 January 2022.

First REIT 2.0 Growth Strategy

RESTRUCTURED

REFRESHED

READY TO GROW



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

PROPOSED ACQUISITION & PROPOSED SETTLEMENT ARE FIRST STEPS TO EXECUTING GROWTH



2

OVERVIEW OF PROPOSED TRANSACTIONS

Hikari Heights Varus Tsukisamu Koen

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

What are the Proposed Transactions?

The Proposed Acquisition

consisting of Resolutions:

- 1 the Proposed Acquisition of 12 nursing homes located in Japan, as an interested person transaction;
- 2 the proposed issue of 431,147,541 new Units as partial consideration for the Proposed Acquisition of 12 nursing homes located in Japan; and
- 3 the proposed Whitewash Resolution

The Proposed Settlement

consisting of Resolution:

- 4 the Proposed Settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya, as an interested person transaction

What are the assets being acquired in the Proposed Acquisition?

JAPAN NURSING HOMES PORTFOLIO

12

Properties

100.0%

Occupancy Rate¹

JPY24.213bn

Agreed Purchase Price²

90,989 sq m

Gross Floor Area (*GFA*)³

JPY24.926bn

Appraised Value⁴

22 years

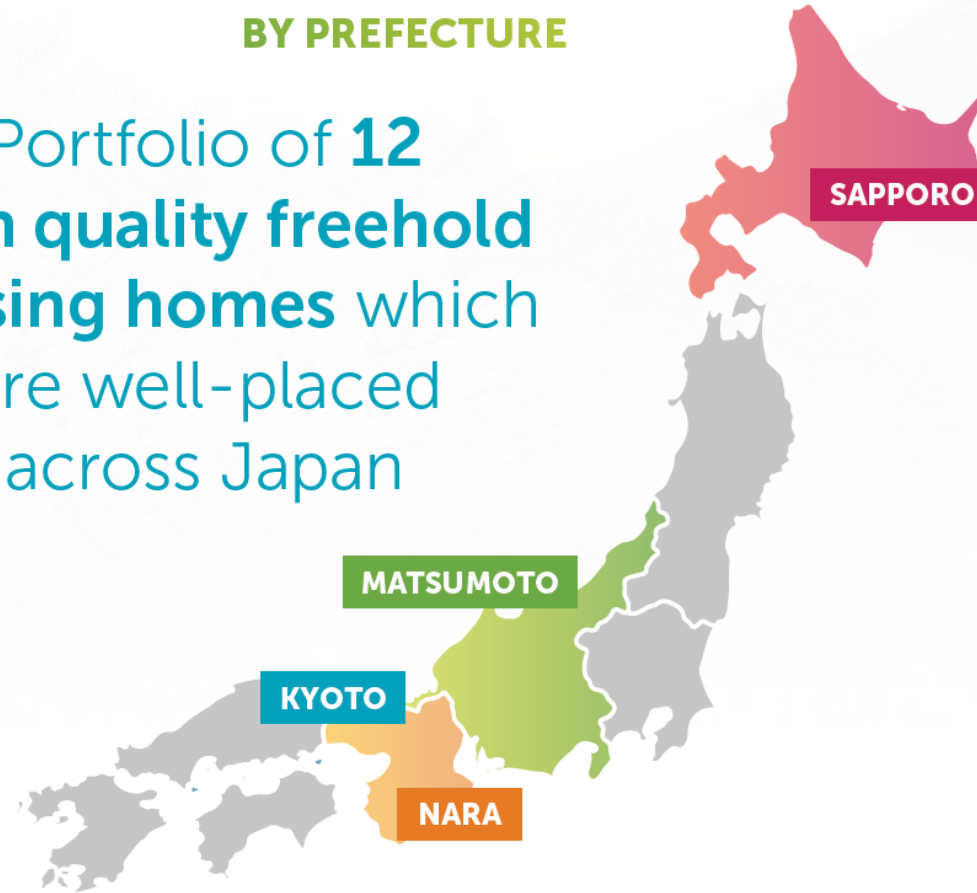
Weighted Average Lease Expiry
(*WALE*)⁵

1,451

Rooms

JAPAN NURSING HOMES BY PREFECTURE

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



Sapporo City, Hokkaido (7 assets)



18.2bn
VALUE (JPY)⁴

67,393
SQUARE METERS

Miyazu City, Kyoto (1 asset)



0.9bn
VALUE (JPY)⁴

2,927
SQUARE METERS

Matsumoto City, Nagano (2 assets)



1.8bn
VALUE (JPY)⁴

6,619
SQUARE METERS

Nara City / Kita Katsuragi-gun, Nara (2 assets)



4.0bn
VALUE (JPY)⁴

14,049
SQUARE METERS

(1) The 12 nursing homes in Japan are 100% master-leased to master third party master tenants who are well-established and experienced independent local nursing home operators.

(2) The Agreed Purchase Price for the Japan Nursing Homes, which was negotiated on a willing-buyer and willing-seller basis.

(3) Minor differences due to rounding.

(4) Refers to the aggregate of the averages of the two independent valuations of each Japan Nursing Home by CWKK and CBRE as at 29 October 2021.

(5) As at 30 June 2021, the Japan Nursing Homes had an aggregate WALE of 22 years.

What is the Proposed Settlement?

The Proposed Settlement

This is consequential upon the termination notice served by PT TPI on 29 June 2020 to PT SK to terminate the Development Works Agreement in connection with the development works adjacent to Siloam Hospitals Surabaya.

The Proposed Settlement refers to the proposed full and final settlement of any and all claims which PT TPI may have against PT SK in respect of the Progress Payments, the Interest and the Project Expenses.

The aggregate value of the Proposed Settlement is approximately S\$30.6 million.

What are the benefits to First REIT & Unitholders?

A TRANSFORMATIONAL ACQUISITION OF OUR FIRST JAPAN ASSETS, FUNDED BY DPU-ACCRETIVE PLACEMENT

The Manager believes that the Proposed Acquisition will bring, among others, the following key benefits to Unitholders:

1. Strategic entry into attractive Japan nursing home market with strong demand drivers;
2. Enlarged and diversified portfolio positioned for long-term growth;
3. Proposed Acquisition is distribution per Unit (“DPU”) accretive to Unitholders on a *pro forma* basis

PROPOSED SETTLEMENT IN RESPECT OF TERMINATED DEVELOPMENT WORKS AGREEMENT

The Manager believes that the Proposed Settlement will bring, among others, the following key benefits to Unitholders:

1. Provides finality to the Development Works Agreement;
2. Allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement



3

RATIONALE FOR THE PROPOSED TRANSACTIONS

Hikari Heights Varus Kotoni

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

Why should I vote in favour of the Proposed Acquisition?

Strategic Entry into Attractive Japan Nursing Home Market with Strong Demand Drivers



One of the Most Rapidly Ageing Countries in the World



By 2040 in Japan



35.3%

of Population with Age >65

85yrs

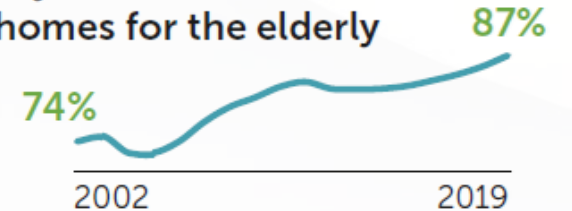
Average Life Expectancy

Surge in Demand for Nursing Homes

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

1.5x ↑

Occupancy rate for fee-based nursing homes for the elderly



- 1 Rapidly ageing population driving surge in demand for nursing homes
- 2 Nursing homes are considered essential services in later stages of life
- 3 Inadequate supply of fee-based nursing homes for the elderly
- 4 Limited impact from the COVID-19 pandemic is a testament to the defensiveness and quality of the nursing home market in Japan

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⁽¹⁾

100% of Leases

Fixed Rent


Annual rent may be revised every two years or three years upon negotiation⁽²⁾

100% of Leases

Back-Up Operator Clause

100% of Leases

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	34 years	21 years	7 years
Gross Rent Per Annum ⁽³⁾	JPY 1.0 bn 72% of Portfolio	JPY 219 mm 16% of Portfolio	JPY 162 mm 12% of Portfolio
	<ul style="list-style-type: none">✓ Listed on Sapporo Stock Exchange with 320 employees✓ 2nd largest operator in Sapporo with 9 facilities✓ High degree of recognition and credibility in Sapporo	<ul style="list-style-type: none">✓ Operates 5 facilities in Nara✓ Highly experienced and well-regarded nursing home operator in Nara	<ul style="list-style-type: none">✓ Operates 5 facilities across Osaka, Kyoto, Nagano and Shizuoka✓ Well-regarded and profitable nursing home operator

Source: Independent Market Research Report

(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 (in the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex) or four months (in the case of Elysion Gakuenmae, Elysion Mamigaoka & Elysion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West) 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 (in the case of Hikari Heights Varus Ishiyama, Hikari Heights Varus Tsukisamu-Koen, Hikari Heights Varus Fujino, Hikari Heights Varus Kotoni, Hikari Heights Varus Makomanai-Koen, Varus Cuore Yamanote and Varus Cuore Sapporo-Kita & Annex) or three years (in the case of Elysion Gakuenmae, Elysion Mamigaoka & Elysion Mamigaoka Annex, Orchard Amanohashidate, Orchard Kaichi North and Orchard Kaichi West) 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. Article 32 of the Act on Land and Building Leases states that a lessee may request a future decrease in the rent where the building rent becomes unreasonable, as a result of the increase or decrease in tax and other burden or fall in property price, or fluctuations in other economic areas exist.

(3) As at 29 October 2021.

Why should I vote in favour of the Proposed Acquisition?

Enlarged and Diversified Portfolio Positioned for Long-term Growth

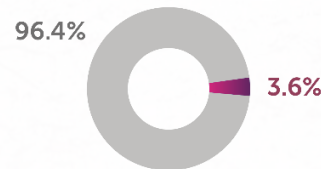
1. High-quality defensive portfolio backed by strong operators

12 freehold assets with a combined GFA of 90,989 sq m and 1,451 rooms. The Japan Nursing Homes which are 100% master-leased to tenants who are well-established and experienced independent local nursing home operators

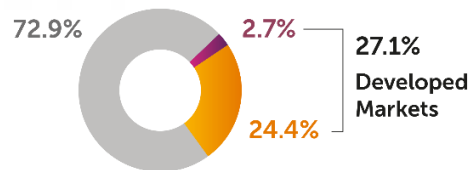
2. Enhance portfolio diversification, enhance 3rd-party tenant diversification, increase proportion of freehold assets

Geographic Diversification by Asset Value¹

Pro Forma 1H2021
Before the Proposed Acquisition



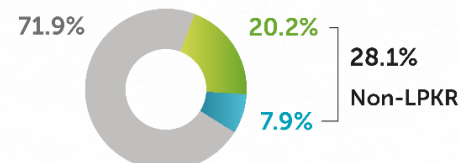
Pro Forma 1H2021
After the Proposed Acquisition



■ Indonesia ■ Singapore ■ Japan

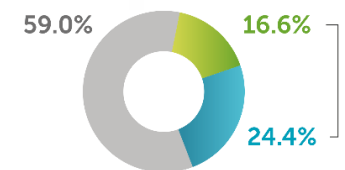
Lease Diversification by Rental Income²

Pro Forma 1H2021
Before the Proposed Acquisition



28.1%
Non-LPKR

Pro Forma 1H2021
After the Proposed Acquisition



41.0%
Non-LPKR

■ LPKR ■ Siloam ■ 3rd Parties

Land Tenure Enhancement by Asset Value³

Pro Forma 1H2021
Before the Proposed Acquisition



Pro Forma 1H2021
After the Proposed Acquisition



■ Leasehold / BOT ■ Freehold / HGB

Source: Independent Market Research Report

(1) Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the existing portfolio of First REIT as at 31 December 2020 (excluding Sarang Hospital) (the "Existing Portfolio") as at 30 June 2021.

(2) Rental income from third parties refers to rental income derived from PT Metropolis Propertindo Utama, tenants of Pacific Healthcare Nursing Home @ Bukit Merah, Pacific Healthcare Nursing Home II @ Bukit Panjang and The Lantor Residence and tenants of the Japan Nursing Homes, but excludes that of Sarang Hospital.

(3) Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the Existing Portfolio as at 30 June 2021. 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.

Why should I vote in favour of the Proposed Acquisition?

Enlarged and Diversified Portfolio Positioned for Long-term Growth

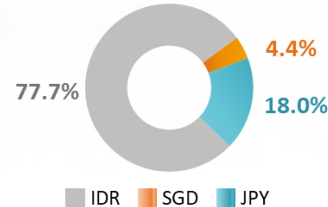
3. Reduced Rental Income Volatility from Exchange Rate Fluctuations

Geographical Diversification by Rental Income⁽¹⁾

Pro Forma 1H2021
Before the Proposed Acquisition



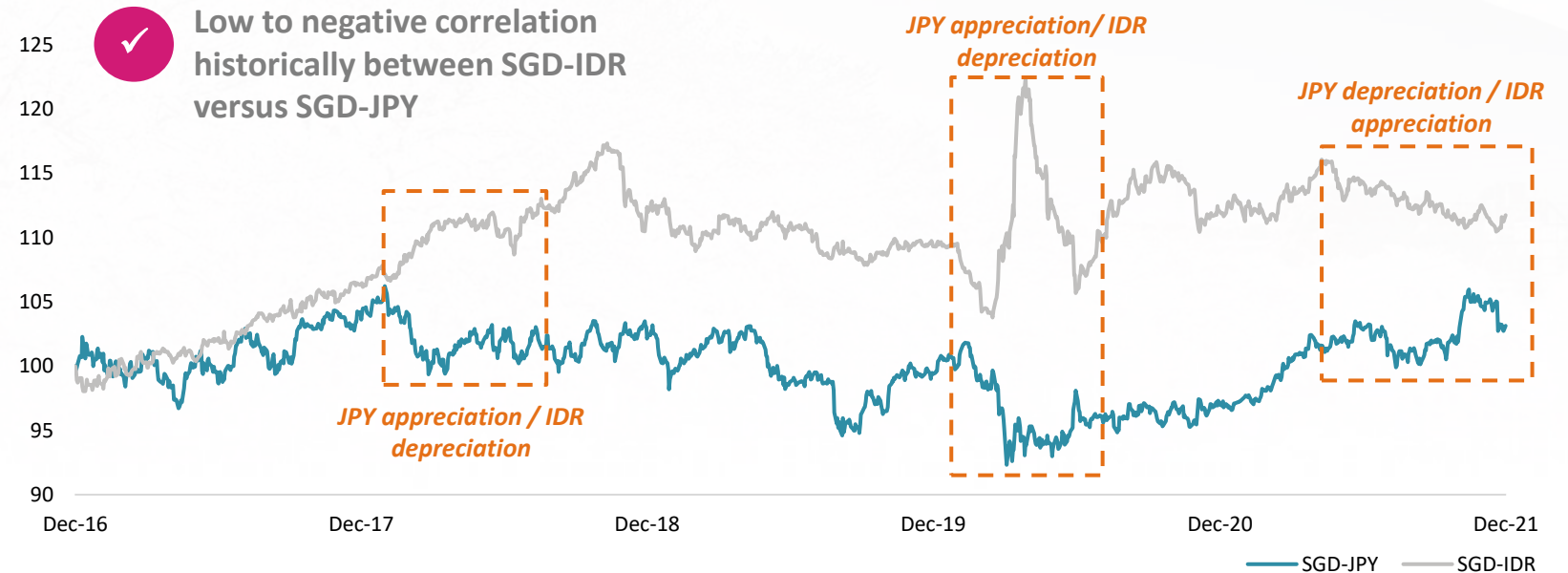
Pro Forma 1H2021
After the Proposed Acquisition



■ IDR ■ SGD ■ JPY

5-year Historical SGD-IDR and SGD-JPY⁽²⁾

Rebased to 100



4. Enlarged Value of First REIT's Deposited Property

Increase by 29.1% from S\$1,016.5 million as at 30 June 2021 to S\$1,312.1 million on a pro forma basis

(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 6 December 2021).

Why should I vote in favour of the Proposed Acquisition?

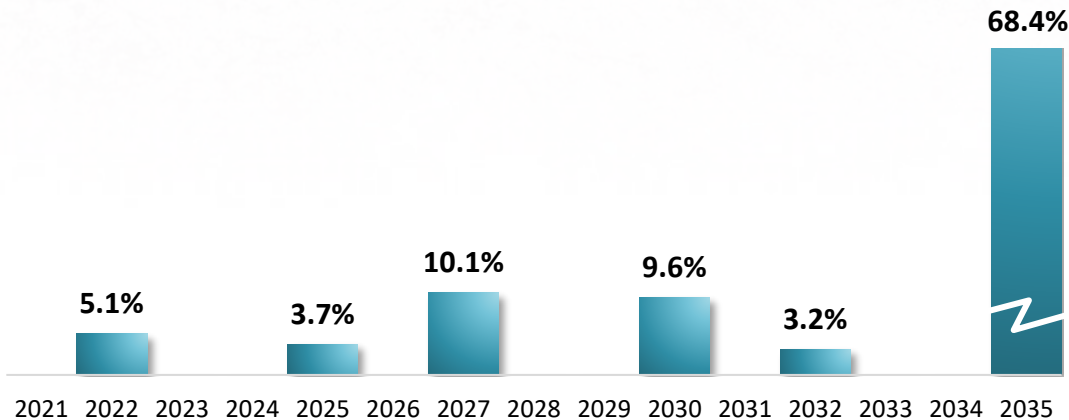
Improved Rental Stability And Weighted Average Lease Expiry

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

Pro Forma 1H2021 Before the Proposed Acquisition

WALE
By GFA 12.0 years⁽¹⁾

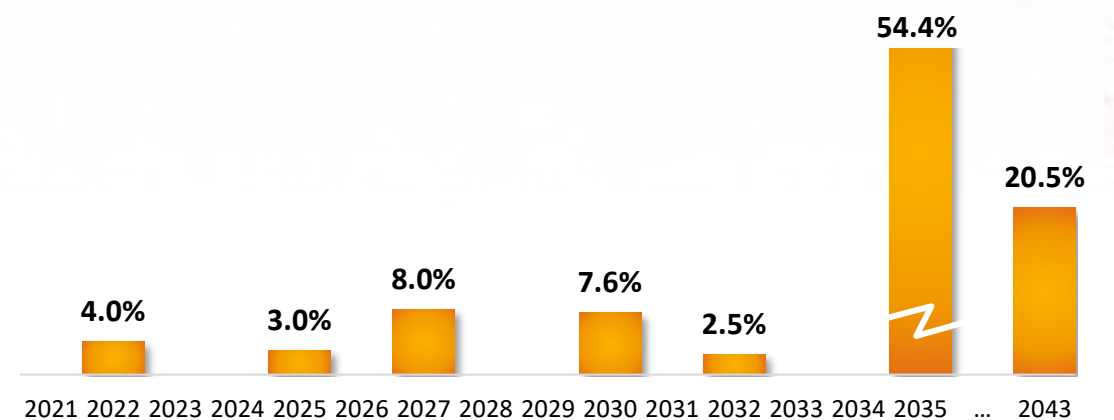
Lease Expiry Profile by GFA



Pro Forma 1H2021 After the Proposed Acquisition

WALE
By GFA 14.0 years⁽¹⁾

Lease Expiry Profile by GFA



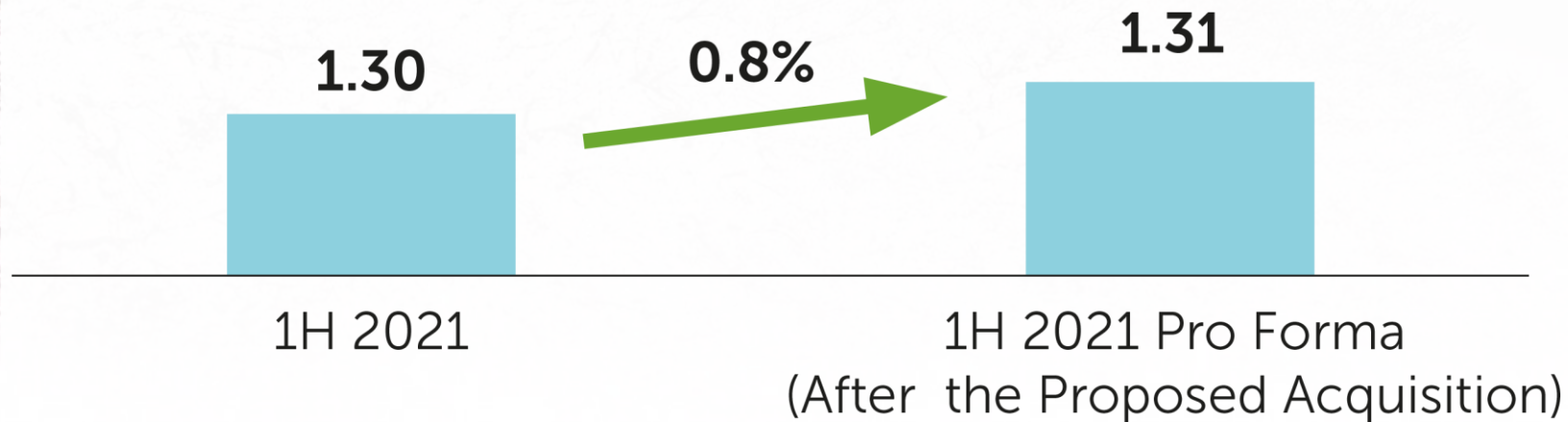
(1) Based on the Existing Portfolio, including the renewed master lease agreement in respect of Imperial Aryaduta Hotel & Country Club as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.

Why should I vote in favour of the Proposed Acquisition?

Proposed Acquisition is DPU Accretive to Unitholders on a *Pro Forma* basis



Pro Forma 1H2021 DPU (For Illustrative Purposes Only)



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

For the pro forma financial effects of the Proposed Acquisition, please refer to Paragraph 9 of the Letter to Unitholders in the Circular to Unitholders dated 6 January 2022

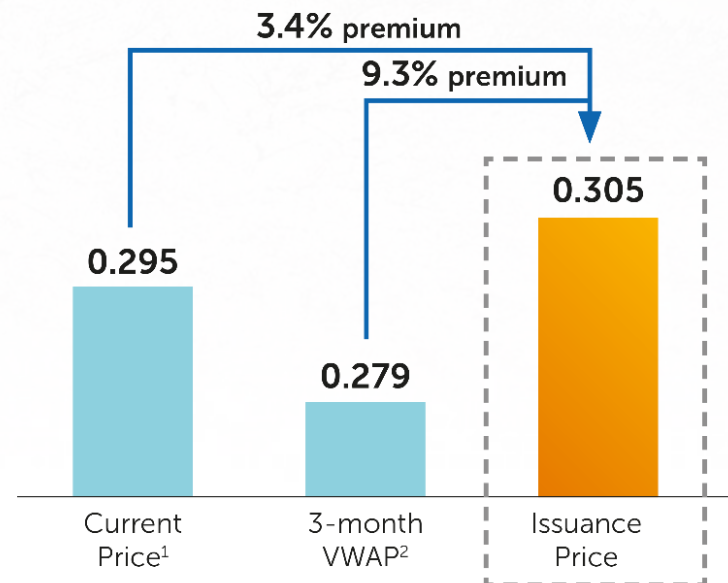
Why should I vote in favour of the Proposed Acquisition?

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

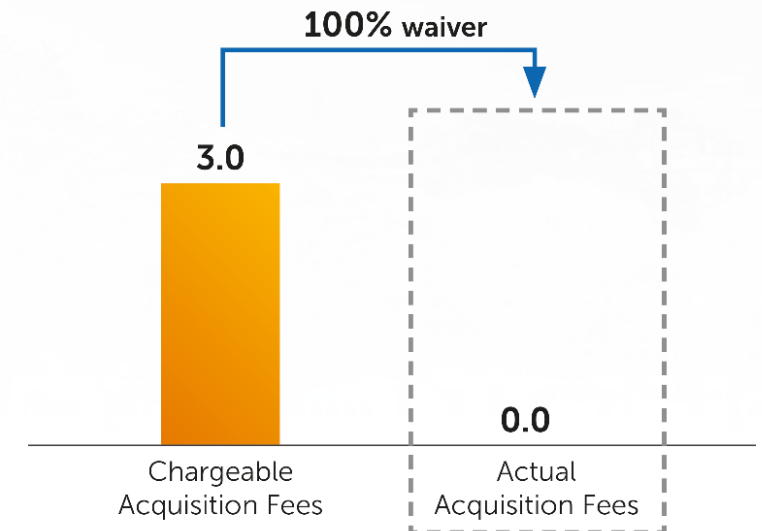
Agreed Purchase Price Discount (JPYbn)



Issuance at a Premium (S\$)



Waiver of Acquisition Fees (S\$mm)



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

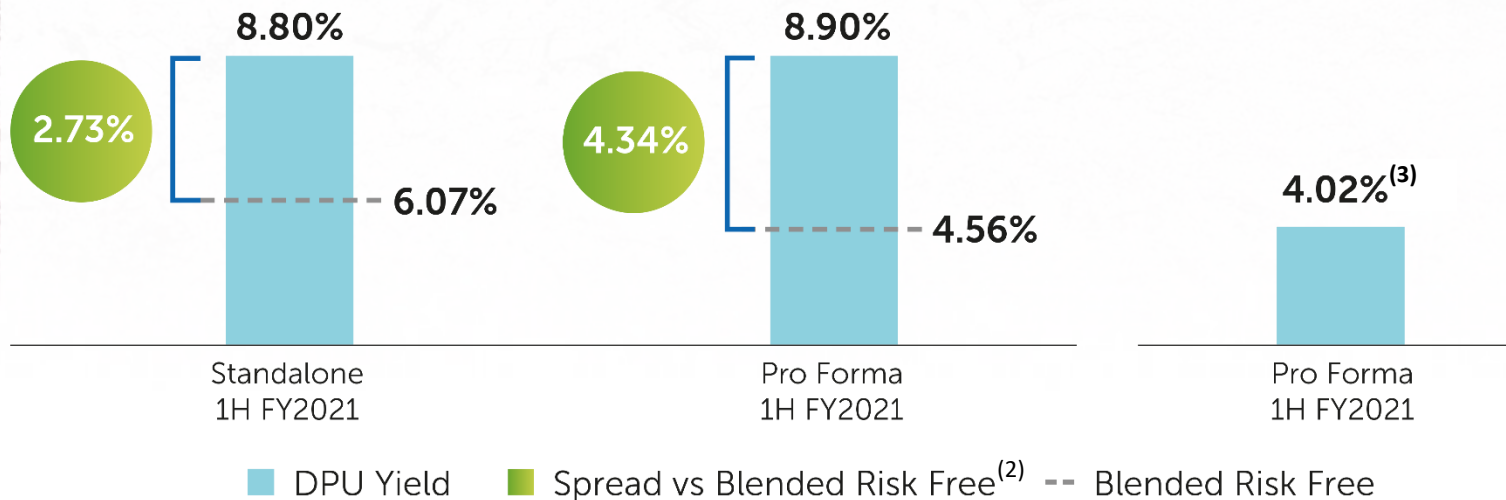
(2) Refers to volume-weighted average price over the preceding 3-month period as of 6 December 2021.

Why should I vote in favour of the Proposed Acquisition?

Positions First REIT Competitively to Peers



S-REIT Peer



1

Attractive entry valuation within healthcare sector of 0.88x Pro Forma P/NAV as at 30 June 2021

2

Attractive annualised 1H 2021 Pro Forma DPU yield of 8.90%⁽¹⁾

3

High-quality portfolio of assets with predominantly freehold / HGB land

4

Potential further capital structure optimisation to reduce cost of debt

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

(2) 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%).

(3) 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.

Why should I vote in favour of the Proposed Settlement?

Rationale for Proposed Settlement



Provides finality to the Development Works Agreement



Allows First REIT to receive the Aggregate Settlement Amount in accordance with the rights specified within the Development Works Agreement

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

The Manager intends to use the Aggregate Settlement Amount to pare down existing loans and/or for working capital purposes

- 2** *Proposed Settlement provides finality to the terminated project:*

Previously planned works to rejuvenate the mature asset, Siloam Hospitals Surabaya, have been delayed since late 2018

Having concluded studies, the Manager was of the view that re-commencing construction works would not be straightforward and will entail further development risks

What is the view of the Independent Committee, the Audit and Risk Committee and the IFA?

Summary of IFA's Opinion⁽¹⁾:

Stirling Coleman Capital Limited, the Independent Financial Adviser (“IFA”), has advised the independent directors of the Manager (the “**Independent Directors**”) and the audit and risk committee of the Manager (the “**Audit and Risk Committee**”) to **recommend that Unitholders vote in favour of each of the four resolutions to be tabled for approval at the EGM.**

Independent Directors, Audit and Risk Committee view:

Based on the opinion of the IFA and the respective rationales for each of the proposed transactions, the Independent Directors and the Audit and Risk Committee of the Manager recommend that Unitholders **vote in favour of each of the resolutions** to be tabled for approval at the EGM.

*(1) A copy of the letter from the IFA to the Independent Directors, the Audit and Risk Committee and the Trustee containing its advice in full (the “**IFA Letter**”) is set out in Appendix B of the Circular and Unitholders are advised to read the IFA Letter carefully.*

A faded background image showing Mount Fuji in the distance and a dense field of cherry blossoms in the foreground.

4

SUMMING UP

What are the benefits to First REIT and Unitholders?

POST-PROPOSED ACQUISITION

31 Properties ⁴	72.9% ID ¹ , 2.7% SG ¹ , 24.4% JP ¹ Key Geographical Markets ²	s\$1,312.1m Deposited Property ^{3,5}	444,558 sq m GFA	14.0 years WALE ²
--------------------------------------	--	---	----------------------------	--

PRE-PROPOSED ACQUISITION

19 Properties ⁴	96.4% ID ¹ , 3.6% SG ¹ Key Geographical Markets ²	s\$1,016.5m Deposited Property ^{3,5}	353,569 sq m GFA	12.0 years WALE ²
--------------------------------------	---	---	----------------------------	--

(1) ID = Indonesia; SG = Singapore; JP = Japan.

(2) As at 30 June 2021, by GFA.

(3) "Deposited Property" refers to the total assets of First REIT, including all its authorized investments held or deemed to be held upon the trust under the Trust Deed.

(4) Excludes Sarang Hospital.

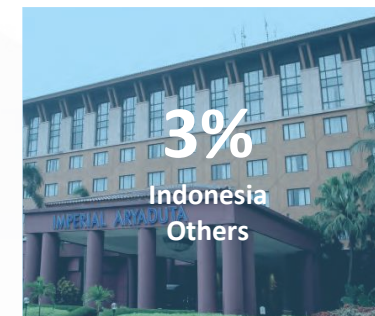
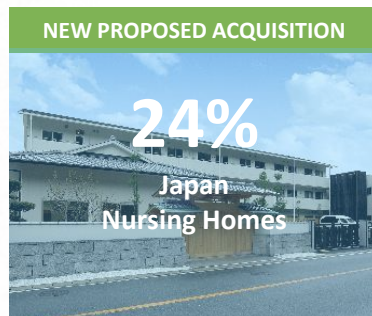
(5) Includes the valuation of Sarang Hospital.

Towards being a pre-eminent Pan-Asian healthcare REIT

After Proposed Acquisition Of 12 Japan Nursing Homes

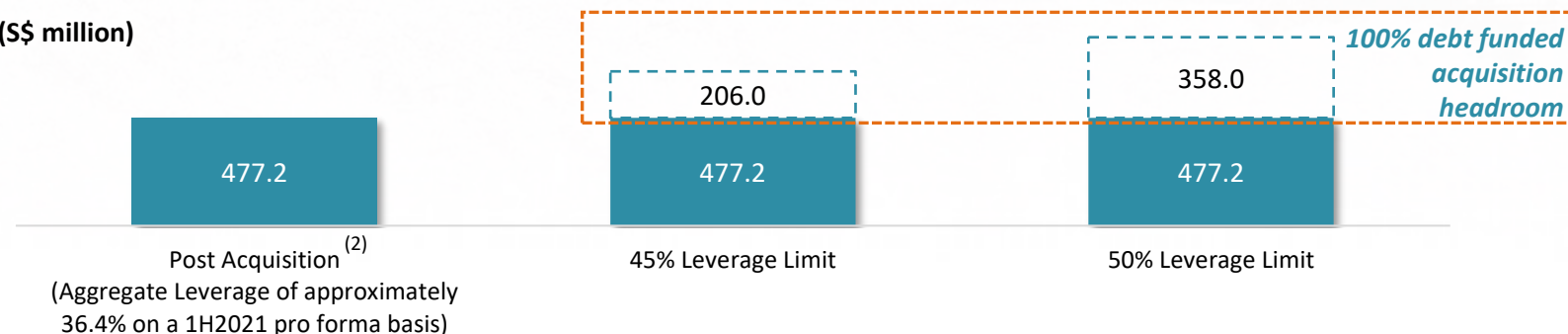


Pro Forma 1H2021 After the Proposed Acquisition – Geographical Diversification by Asset Value⁽¹⁾



Debt Headroom Provides Capital for Growth

(\$ million)



(Aggregate Leverage of approximately 36.4% on a 1H2021 pro forma basis)

■ Pro Forma 1H 2021 Debt

□ Debt Headroom

(1) Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the existing portfolio of First REIT as at 31 December 2020 (excluding Sarang Hospital) (the "Existing Portfolio") as at 30 June 2021.

(2) After the Proposed Acquisition of the 12 Japan Nursing Homes, on a 1H2021 pro forma basis.

(3) Excluding Sarang Hospital which was divested in Aug 2021 and including the Japan Nursing Homes.

(4) Blended rent escalation rates by value.

(5) Portfolio is 100% master-leased.

(6) Based on the Existing Portfolio, including the renewed master lease agreement in respect of Imperial Aryaduta Hotel & Country Club as announced on 29 November 2021 and assuming the Japan Nursing Homes were acquired on 30 June 2021.

(7) Based on the Agreed Purchase Price for the Japan Nursing Homes as at 29 October 2021 and the value of the Existing Portfolio as at 30 June 2021. 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.

FIRST REIT
ASIA'S PREMIER HEALTHCARE TRUST

Committed Sponsors
OUE Limited and OUE Lippo Healthcare

2nd LARGEST ASIAN
HEALTHCARE REIT
BY TOTAL ASSETS

S\$1.3bn TOTAL
ASSETS⁽²⁾

31
NO. OF
PROPERTIES⁽³⁾

444,558 sqm
GFA

3.1%
BASE RENT
ESCALATION⁽⁴⁾

100%
OCCUPANCY
RATE⁽⁵⁾

14.0 years
WALE
by GFA⁽⁶⁾

LAND TENURE⁽⁷⁾

89% Freehold / HGB **11%** Leasehold / BOT



THANK YOU

Sole Financial Adviser to the Manager for the
Proposed Transactions

BofA SECURITIES 

Independent Financial Adviser to the Independent
Directors and the Audit and Risk Committee of
the Manager and to Perpetual (Asia) Limited (in
its capacity as trustee of First REIT)

 **STIRLING COLEMAN**
施霖高诚

WHO TO CONTACT FOR HELP

If you need further assistance, please contact:

First REIT | ir@first-reit.com

