

**FOR IMMEDIATE RELEASE**

## **First REIT successfully prices Singapore's first healthcare social bond**

- At S\$100 million in aggregate principal amount of 3.25%, the Bonds are guaranteed by a trust fund of the Asian Development Bank, Credit Guarantee and Investment Facility, the guarantor of First REIT's maiden social bond issuance
- Aligns with First REIT's newly established Social Finance Framework, tying financing to achieving specific social benefit outcomes with the United Nations Sustainability Development Goals
- Allows First REIT to diversify funding sources to boost financial position, in line with its 2.0 Growth Strategy

**SINGAPORE – 1 April 2022** – First REIT Management Limited, as manager of First Real Estate Investment Trust ("**First REIT**" or the "**Trust**", and the manager of First REIT, the "**Manager**"), announced that Perpetual (Asia) Limited (in its capacity as trustee of First REIT (the "**Issuer**" or "**Trustee**")) has priced the first-ever healthcare social bond in Singapore in conjunction with its inaugural Social Finance Framework ("**SFF**") which creates a platform for the issuance of bonds and loans granted on achieving specific social benefit outcomes and the United Nations Sustainability Development Goals ("**UNSDGs**"). With a credit guarantee from the Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**"), this launch also marks the first time CGIF is providing a guarantee for a social bond issued within the Singapore real estate investment trust ("**REIT**") market and the Singapore debt market in general.

Denominated in Singapore dollars ("**SGD**"), the Trust successfully priced a S\$100 million in aggregate principal amount five-year guaranteed bonds of 3.25% (the "**Bonds**"), payable semi-annually in arrears and are expected to be issued on or around 7 April 2022. The Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge under the terms and conditions of the Bonds) unsecured obligations of the Issuer and, save for such exceptions as may be provided by applicable legislation, rank at least equally with all other unsecured and unsubordinated debts of the Issuer. Rated AA by Standard & Poor's Global Ratings, the Bonds are guaranteed by CGIF (the "**CGIF Guarantee**"), which will commit to providing an irrevocable and unconditional payment guarantee to bondholders in the event of any non-payment of principal or interest when due under the Bonds, and this commitment under the CGIF Guarantee is backed by CGIF's paid-in capital of US\$1,145.1 million as at 1 March 2022. CGIF has been

established with the main function to provide credit guarantees for local currency denominated bonds issued in the region consisting the People's Republic of China, Japan, Republic of Korea ("ASEAN+3" and the ASEAN+3 region, the "Region") by corporations in the Region and it aims to help ASEAN+3 corporations expand and diversify debt funding sources, while gaining access to new bond markets and boarder investor groups.

CIMB Bank Berhad, Singapore Branch, ING Bank N.V., Singapore Branch and Oversea-Chinese Banking Corporation Limited are the joint social bond structuring advisors and the joint lead managers for the issue of the Bonds. All three banks will also be issuing an irrevocable standby letter of credit in favour of CGIF which gives CGIF the right to demand from them payment for an aggregate amount of up to S\$10 million, on account of payments made by CGIF under the CGIF Guarantee in respect of the principal amount outstanding under the Bonds.

The Bonds will be listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and issued and traded in minimum board lot size of S\$250,000, or its equivalent in other currencies. The Issuer will use the net proceeds from the Bonds to refinance the existing term loan maturing in May 2022 and will apply any excess amount in the manner agreed with CGIF.

**Chief Executive Officer of the Manager, Mr Victor Tan said,** "The launch of our inaugural social bond is an important milestone in First REIT's next chapter of growth encapsulated in its 2.0 Growth Strategy. It fulfils the twin pillars of strengthening our capital structure by diversifying our funding sources on one hand and riding on megatrends such as the emergence of Environmental, Social and Governance factors on the other. On the back of First REIT's strong underlying credit fundamentals, the social bonds not only open up a new channel of financing, it also enhances the Trust's presence in the regional capital markets. This issuance, with its guarantee from CGIF, also sets a new benchmark for issuers to tap the ASEAN+3 markets for future funding."

"First REIT is able to leverage on its strategic focus in the resilient healthcare sector, to contribute and create meaningful social impact for the communities it serves. With the launch of the SFF and the Bonds, we are able to bring about a critical alignment of the Trust's social mission and sustainability strategy with its funding strategy."

**Chief Executive Officer, CIMB Bank Berhad, Singapore Branch, Mr Victor Lee said,** “We are proud to be a partner of First REIT in Singapore’s first healthcare social bond issuance. This is an important milestone and it aligns with our sustainability commitment to maximise positive impact through sustainable finance.”

**Country Manager, ING Bank N.V., Singapore Branch and Head of Southeast Asia, Mr Erwin Maspolim said,** “This social bond is a landmark transaction on three levels. It is a first of its kind capital markets issuance by a healthcare REIT in the Asia ex-Japan market. It is also the first time CGIF is providing a credit guarantee to a social bond in the SGD market, as well as to a REIT issuer. We hope that this means other issuers will be able to tap into a similar funding framework. What is more important and relevant, is that this social bond is being launched during the current pandemic and is contributing towards supporting better healthcare provision in Indonesia. This transaction achieves the intended sustainability milestones set forth by both First REIT and ING, making us proud to partner First REIT in this watershed issuance.”

**Head, Capital Markets, Global Investment Banking, Oversea-Chinese Banking Corporation Limited (“OCBC”), Mr Tan Kee Phong said,** “This is a landmark deal for both First REIT and the SGD market, and OCBC is pleased to partner First REIT in this first ever Singapore dollar-denominated social bond offering, which was very well received by the market. The bond issuance will help to improve the quality of and access to healthcare services in Indonesia, hopefully also paving the way for more similar deals with positive social impact to be launched across the region. This is in line with our aim to create long-term value and support sustainable development across the markets and communities we serve.”

Launched in March 2022, First REIT’s SFF creates a platform for the issuance of Social Finance Instruments (“SFI”), which are bonds and loans granted on the attainment of specific social benefit outcomes and the fulfilment of UNSDGs, specifically the goal of ‘Good Health and Well-being’. Under this goal, it has a target of achieving universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all. The SFF is aligned with the core components of the Social Bond Principles (2021) as published by the International Capital Market Association and the Social Loan Principles (2021) and the Loan Market Association. The SFF also provides guidance on use of proceeds, process for project evaluation and selection, management of proceeds, reporting and external review. Details of First REIT’s SFF are published on First REIT’s website at: <https://firstreit.listedcompany.com/sustainability.html>.

All proceeds raised from the SFI issued by First REIT will be used exclusively to finance and/or refinance assets, related costs, future investment and acquisition costs that meet social eligibility criteria. Assets that fall under the criteria (the “**Eligible Assets**”) include hospitals offering essential healthcare services to the general population in Indonesia or other countries that have an average number of hospital beds per 1,000 people below the East Asia and Pacific (excluding high income countries) average of 3.7<sup>1</sup> per 1,000 people, nursing homes with a target population of the elderly and/or people in need of medical care and support, and healthcare properties that have a direct social impact on First REIT's target population, where target population is defined as people in need of medical care and support within a reasonable distance from the specific healthcare property.

Prior to the launch of the SFF, First REIT commissioned an independent business assurance provider, DNV-GL, to provide a second party opinion on the SFF.

Following the launch of the SFF and the Bonds, First REIT intends to obtain, on an annual basis (starting one year after issuance) up to full allocation, a limited assurance report on the SFI allocation provided by an external auditor. One year following the SFI issuance and annually thereafter, First REIT intends to report on the allocation of net proceeds until full allocation and provide metrics regarding the social impact of the Eligible Assets which could include number of patients, patients under the *Badan Penyelenggara Jaminan Sosial* scheme (Indonesia's universal healthcare system), hospital beds, and type of services offered, among others.

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<sup>1</sup> <https://data.worldbank.org/indicator/SH.MED.BEDS.ZS?locations=4E>. World Bank Data has not provided its consent to the inclusion of the information, and is therefore not liable for such information. Neither the Manager nor the Trustee has conducted an independent review of the information or verified the accuracy of the contents of the relevant information.

**About First REIT**

First REIT is a real estate investment trust constituted by the trust deed entered into on 19 October 2006 between First REIT Management Limited (formerly Bowsprit Capital Corporation Limited) as the manager and HSBC Institutional Trust Services (Singapore) Limited as the trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006. On 1 March 2018, HSBC Institutional Trust Services (Singapore) Limited retired as the trustee of First REIT in favour of Perpetual (Asia) Limited.

First REIT is Singapore's first healthcare real estate investment trust that aims to invest in a diversified portfolio of income-producing real estate and / or real estate-related assets in Asia that are primarily used for healthcare and / or healthcare-related purposes.

Managed by First REIT Management Limited, First REIT has a portfolio of 31 properties with 12 hospitals, two integrated hospital & malls, one integrated hospital & hotel and one hotel & country club, located in Indonesia, three nursing homes in Singapore and 12 nursing homes in Japan.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd.. In Japan, seven nursing homes are operated by Hikari Heights Varus Co., Ltd, two nursing homes are operated by Safety Life Co., Ltd and three nursing homes are operated by Orchard Care Co., Ltd.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by a high life expectancy in Japan as well as an increase in life expectancy in Indonesia and the rest of Southeast Asia.

**About CGIF**

Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("**CGIF**"), was established by the 10 members of the Association of Southeast Asian Nations ("**ASEAN**") together with the People's Republic of China, Japan, Republic of Korea ("**ASEAN+3**") and Asian Development Bank in 2010. The 10 members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Republic of the Union Myanmar, Philippines, Singapore, Thailand and Vietnam.

It was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "**Region**"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region. CGIF's guarantees are backed by US\$1,053.8 million of paid-in capital from its sovereign government contributors and Asian Development Bank. Neither Asian Development Bank nor the other contributors are liable for the obligations of CGIF.

## IMPORTANT NOTICE

The value of units in First REIT (“Units”) and the income derived from them may fall as well as rise. The 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. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that the unitholders of First REIT may only deal in their Units through trading on SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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