



(Constituted in the Republic of Singapore pursuant to  
a trust deed dated 19 October 2006 (as amended))

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## MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON 25 JULY 2022

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First REIT Management Limited, as manager of First Real Estate Investment Trust (“**First REIT**”, and the manager of First REIT, the “**Manager**”), wishes to inform unitholders that in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended), the minutes of the extraordinary general meeting (“**EGM**”) of First REIT which was convened and held by way of electronic means on Monday, 25 July 2022 at 2:30 p.m. has been recorded and is attached hereto as **Appendix A**.

The Manager had on 18 July 2022 released on SGXNET its responses to substantial and relevant questions received from unitholders relating to the agenda of the EGM.

By Order of the Board

Tan Kok Mian Victor  
Executive Director and Chief Executive Officer  
First REIT Management Limited  
(Company registration no. 200607070D)  
As Manager of First Real Estate Investment Trust

24 August 2022

### IMPORTANT NOTICE

The value of the units in First REIT (“**Units**”) and the income derived from them may fall or rise. The Units are not obligations, or deposits in, or guaranteed by the Manager, or Perpetual (Asia) Limited (as trustee of First REIT). An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the Manager redeems or purchases their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. 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.

**APPENDIX A**  
**MINUTES OF EGM**

## FIRST REAL ESTATE INVESTMENT TRUST

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 19 October 2006)

### MINUTES OF EXTRAORDINARY GENERAL MEETING

HELD AT	ON	TIME
Held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020	25 July 2022	2:30 p.m.
<b>PRESENT</b>	Chan Pengee Adrian	Lead Independent Director and Chairman of the Nominating and Remuneration Committee
	Victor Tan Kok Mian	Executive Director and Chief Executive Officer
	As per attendance record maintained by the Manager	Unitholders and Invitees attending via electronic means
<b>IN ATTENDANCE VIA ELECTRONIC MEANS</b>	Christopher James Williams	Chairman of the Board, Non-Independent Non-Executive Director
	Ferris Charles Bye	Independent Director and Chairman of the Audit and Risk Committee
	Tan Chuan Lye	Independent Director
	Martin Lechner	Independent Director
	Mিনny Riady	Non-Independent Non-Executive Director
	Joey Goh	Representative from the Trustee, Perpetual (Asia) Limited
<b>CHAIRMAN OF THE MEETING</b>	Chan Pengee Adrian	Chairman of the Meeting/Proxy for Unitholders (As per record maintained by the Manager)
<b>WELCOME ADDRESS</b>	1.1	On behalf of First REIT Management Limited, the manager of First Real Estate Investment Trust (“ <b>First REIT</b> ”), and the manager of First REIT, the “ <b>Manager</b> ”), Mr Chan Pengee Adrian, the Lead Independent Director and Chairman of the Nominating and Remuneration Committee, welcomed the unitholders of First REIT (the

**FIRST REAL ESTATE INVESTMENT TRUST**

**Extraordinary General Meeting held via electronic means on 25 July 2022 - Page 2**

“Unitholders”) present at the Extraordinary General Meeting of First REIT (the “**Meeting**”) via electronic means. Mr Chan Pengee Adrian informed Unitholders that he would chair the Meeting on behalf of the Board Chairman.

- 1.2 The Chairman introduced the panel to the Unitholders and informed the Unitholders that he had been nominated by Perpetual (Asia) Limited, the trustee of First REIT, in accordance with the trust deed constituting First REIT to preside as the Chairman of the Meeting (the “**Chairman**”).

**QUORUM**

- 2.1 As there were sufficient Unitholders to form a quorum, the Chairman called the Meeting to order.

**NOTICE OF MEETING**

- 3.1 The notice of the Meeting dated 30 June 2022 (the “**Notice**”) was taken as read.

**SUBMITTING  
QUESTIONS IN  
ADVANCE OF, OR  
“LIVE” AT, THE  
MEETING**

- 4.1 As stated in the Manager’s announcement which sets out the alternative arrangements for the conduct of the Meeting published via SGXNet and First REIT’s website on 30 June 2022, Unitholders could submit questions in advance of, or “live” at, the Meeting.
- 4.2 The Chairman informed that the Manager would address the questions received “live” at the Meeting after the Chief Executive Officer (“**CEO**”)’s presentation. The Chairman further informed Unitholders that questions received from Unitholders will be consolidated if substantially similar questions are received.

4.3 In respect of questions received prior to the Meeting, the Manager had published the responses to the substantial and relevant questions received from Unitholders via SGXNet and also posted on First REIT's website on 18 July 2022. The responses to substantial and relevant questions received from the Unitholders prior to the Meeting are annexed to this Minutes as "**Annex A**". The Manager would not be addressing questions which have been addressed in the published responses.

4.4 The Chairman then informed the Unitholders that the question box for the live Q&A session was now open for Unitholders to submit their questions.

**CONDUCT OF THE VOTING**

5.1 The Chairman informed the Unitholders that, in his capacity as Chairman of the Meeting, he had been appointed as proxy by a number of Unitholders and he would vote according to their respective instructions.

5.2 The Resolution tabled at the Meeting was voted by poll based on the proxy forms that were submitted to the Manager at least 72 hours before the Meeting.

5.3 The Chairman informed the Unitholders that Reliance 3P Advisory Pte Ltd had been appointed as Scrutineers to conduct the poll.

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**PRESENTATION BY  
CEO**

- 6.1 Mr Tan Kok Mian Victor, the Executive Director and CEO of the Manager, then gave a short presentation.
- 6.2 A copy of the presentation, which was posted via SGXNet and First REIT's website on 25 July 2022, is annexed to this Minutes as "**Annex B**".
- 6.3 The Chairman thanked the CEO for his presentation and proceeded with the live Q&A session.

**LIVE Q&A SESSION**

- 7.1 The first question from a Unitholder was regarding the reason for the decline in net asset value ("**NAV**") despite the proposed divestment of Siloam Hospitals Surabaya (the "**Proposed Divestment**") represents a 143% capital gain. The Chairman noted the question and responded that the NAV would decline marginally to 36.48 cents per unit post-divestment.

The CEO shared that the Proposed Divestment is at a premium of 143% capital gain over the original purchase price of the asset back in 2006 as part of the initial portfolio. Fair value gains have been recognized over the years during the holding period. As for the slight decline in NAV, the CEO explained that this is due to tax incurred for the Proposed Divestment which had slightly impacted the NAV.

7.2 The second question raised by a Unitholder was a connected question about NAV. The Unitholder asked whether Management would consider buying back equity to shore up NAV with the extra proceeds from the Proposed Divestment.

The CEO responded that the NAV would have declined slightly post-divestment but the Manager had recognized capital gains that had improved the NAV over the last 15 years. The CEO then referred to the pro forma financial impact illustration and noted that while the distribution per unit (“DPU”) would have dropped substantially post-divestment on a pro forma basis, largely due to the loss of rental income that First REIT would have potentially received if the Manager held on to the asset, the Manager assured the Unitholders that First REIT is committed to maintaining a stable DPU. He added that the sale proceeds could be distributed as capital gains to Unitholders as well as be used to pare down loans to reduce First REIT’s finance cost. And with the lower interest cost, First REIT will be able to pay out a higher dividend to Unitholders.

The Chairman agreed and added that the Board is committed to maintaining a stable DPU for Unitholders.

- 7.3 The third question from a Unitholder was regarding the Manager's plans for increasing DPU. The Chairman responded that the Manager will continue to seek out DPU accretive investments and that First REIT is in a better place after the restructuring exercise carried out in early 2021.

The CEO added that the Manager would continue with the First REIT 2.0 Growth Strategy to diversify its portfolio into developed markets. The CEO cited the maiden entry into the Japan nursing home market in the first quarter of FY2022 by acquiring approximately S\$300 million worth of assets from OUE Lippo Healthcare Limited. With a foothold in Japan now, he said that the Manager is actively looking for potential acquisitions in Japan and hopefully be able to acquire more assets in Japan. The Manager is also looking at other mature and developed markets for potential acquisitions.

The Chairman shared that First REIT's portfolio assets in the developed market is approximately 25% of its total portfolio value and that the Manager wishes to increase the developed market exposure.

The CEO further added that one of the growth strategies of First REIT is to have 50% of portfolio assets in the developed and mature markets within the next 3 to 5 years. The Proposed Divestment would also be an opportunity to recycle a mature asset that has been held since IPO.



7.4 The fourth question from a Unitholder was regarding the development works for a new hospital facility. As mentioned during the presentation earlier, the Manager consulted various professionals to determine if they should restart the development works. The CEO shared that it is possible to build a new hospital but restarting the development works would incur additional development cost and excessive development risk and complications, and such risks would in the Manager's view outweigh the potential returns.

The last question from a Unitholder was regarding whether the Manager could maintain the same DPU for 2022 as per 2021.

The CEO responded that the Manager is not able to give any forecast on the DPU, but the Manager is committed to distributing a stable dividend to the Unitholders.

As there were no further questions, the Chairman concluded the live Q&A session and proceeded with the business of the Meeting.

**RESOLUTION 1:  
THE PROPOSED  
DIVESTMENT, AS AN  
INTERESTED PERSON  
TRANSACTION**

- 8.1 The Chairman informed the Unitholders that Rule 919 of the Listing Manual prohibits interested persons and their associates from voting on a resolution in relation to a matter in respect of which such persons are interested. Dr Stephen Riady and Mr James Tjahaja Riady, are each regarded as the controlling unitholders of First REIT and controlling shareholders of the Manager under both the Listing Manual and the Property Funds Appendix.
- 8.2 Further, given that PT Siloam International Hospitals Tbk and PT Megapratama Karya Bersama, companies in which Dr Stephen Riady and Mr James Tjahaja Riady each has an interest of 30% or more, have entered into the Conditional Sale and Purchase Agreement under the Proposed Divestment, each of Dr Stephen Riady and Mr James Tjahaja Riady and their associates (including OUE Limited, OUE Lippo Healthcare Limited and the Manager) will abstain from voting on this Resolution.
- 8.3 The Chairman also informed the Unitholders that for purposes of good corporate governance, the non-independent Directors, Mr Christopher James Williams, the Chairman and Non-Independent Non-Executive Director of the Manager, Mr Tan Kok Mian Victor, the Executive Director and Chief Executive Officer of the Manager, and Ms Minny Riady, a Non-Independent Non-Executive Director of the Manager, would abstain from voting on the Resolution, in respect of any Units held by them.

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8.4 The motion to approve the Proposed Divestment, as an Interested Person Transaction was duly proposed.

**RESULTS OF THE POLL ON THE RESOLUTION**

9.1 The results of the poll on the Resolution were as follows:

Total number of Units represented by votes for and against the resolution	For		Against	
	No. of Units	%	No. of Units	%
230,672,257	209,389,033	90.77	21,283,224	9.23

By a majority of votes received in favour of the Resolution, the Chairman declared the Resolution carried.

**CONCLUSION OF THE MEETING**

10.1 The Chairman thanked the Unitholders for their attendance and support, and declared the Meeting closed at 2:56 p.m..

Confirmed as true record of proceedings held

Chairman

Chan Pengee Adrian

## RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM UNITHOLDERS

For further details on the Proposed Divestment, please refer to the Circular to Unitholders dated 30 June 2022 in relation to the Proposed Divestment. Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Circular.

Questions	Responses
<b>Transaction overview</b>	
<p>1. How will the divestment benefit shareholders?</p> <p>2. What are the strategies related to this divestment?</p> <p>3. What are the expected benefits and risks with this divestment?</p> <p>4. What is the reason for proposed divestment, and what are material impact to First Reit unit holders?</p> <p>5. What is the main purpose of this divestment?</p>	<p>The Proposed Divestment is in alignment with “First REIT 2.0 Growth Strategy” to reshape the portfolio of First REIT for capital efficient growth. It is an opportunity to recycle a mature asset that was constructed in 1977, instead of taking on excessive development risk arising from the Road Subsidence that took place in 2018. The Agreed Property Value of Rp.430.0 billion (approximately S\$40.9 million) represents a 143.2%<sup>2</sup> gross premium over First REIT’s original purchase consideration of S\$16.8 million.</p> <p>Following further discussions with PT Lippo Karawaci Tbk (“<b>LPKR</b>”), the Manager understands that either LPKR or Siloam intend to continue the development works on the portion of the land adjacent to Siloam Hospitals Surabaya (the “<b>Development Works Site</b>”), a part of which First REIT had sold to PT Saputra Karya (“<b>PT SK</b>”) in connection with the development works to develop a new hospital (the “<b>Development Works</b>”) pursuant to a development works agreement entered into between PT TPI and PT SK on 20 October 2015 (the “<b>Development Works Agreement</b>”) independently (the “<b>New Development Works</b>”).</p> <p>Assuming the completion of the New Development Works, Siloam will likely commence operations within the new healthcare facility, adjacent to the existing Siloam Hospitals Surabaya. The existing Siloam Hospitals Surabaya will therefore likely be vacated by the tenants of the existing Siloam Hospitals Surabaya, in favour of the new healthcare facility. On this basis, the Proposed Divestment is a prudent exit strategy and presents a holistic approach that resolves downstream complications.</p> <p>Following the Proposed Divestment, the weighted average age of property (“<b>WAAP</b>”)<sup>3</sup> for the portfolio of First REIT will improve from 16.2 years to 15.7 years as at 31 December 2021 and on a <i>pro forma</i> basis, including the Japan Nursing Homes.</p>

<sup>2</sup> The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

<sup>3</sup> WAAP is computed on a gross floor area basis.

Questions	Responses
<p>6. Given that the sale price is at a mere 0.1% premium to the valuation, has the manager searched and sourced for better offers? If so, please elaborate how many other (potential) buyers the manager talked and negotiated with? And why did these talks and negotiations fail?</p> <p>7. I note that this divestment of property is to Siloam. Has the manager of the REIT considered selling the property to other parties besides its sponsor? If not, why not? Please elaborate.</p> <p>8. Given that this divestment of property is to Siloam (its sponsor), how much effort was expended in the sale process?</p> <p>9. The proposed divestment, as an interested person transaction – is it an arm’s length transaction?</p>	<p>Siloam Hospitals Surabaya is a mature asset that was constructed in 1977 and faced increasing competition from new facilities, as well as existing healthcare competitors with upgraded facilities.</p> <p>As announced previously, First REIT had sold a portion of the land adjacent to Siloam Hospitals Surabaya to PT SK in connection with the Development Works to develop a new hospital, pursuant to the Development Works Agreement. It was intended that First REIT would have received a new healthcare facility by the first long stop date of 28 June 2020.</p> <p>The Road Subsidence that took place on 18 December 2018 along Jalan Gubeng, Surabaya, which is in close proximity to Siloam Hospitals Surabaya, had had a serious impact on the Development Works, which were no longer progressing. Given that the Development Works were no longer progressing, PT TPI had on 29 June 2020 served a termination notice to PT SK to terminate the Development Works Agreement. Accordingly, the desired outcome to swap the aging Siloam Hospitals Surabaya with a new healthcare facility did not materialise.</p> <p>Since the Road Subsidence, the Manager commissioned tax consultants, development and construction-related consultants, legal counsels and valuers to carry out feasibility studies across various fields, to determine the possibility of conducting future construction works on the site should the project be revived.</p> <p>Having concluded the studies and discussions between the stakeholders, it was determined that restarting the development works is a complex matter and though it could result in First REIT receiving a new healthcare facility at a much later time, it consequentially meant that First REIT would incur additional development cost and thereby take on excessive development risk. It was determined that such risk should not be borne by First REIT.</p> <p>Perpetual (Asia) Limited, in its capacity as trustee of First REIT, has commissioned an independent valuer, Cushman &amp; Wakefield VHS Pte. Ltd., in conjunction with KJPP Firman Suryantoro Sugeng Suzy Hartomo &amp; Rekan (“<b>C&amp;W</b>”), and the Manager has commissioned an independent valuer, KJPP Willson &amp; Rekan in association with Knight Frank (“<b>Knight Frank</b>”, and together with C&amp;W, the “<b>Independent Valuers</b>”), to respectively value Siloam Hospitals Surabaya. The agreed property value for Siloam Hospitals Surabaya of Rp.430.0 billion (approximately S\$40.9 million) (the “<b>Agreed Property Value</b>”) was negotiated on a willing-buyer and willing-seller basis with reference to the independent valuations by the Independent Valuers. While the Agreed Property Value represents an approximate 0.1% premium to the average of the two independent valuations of Siloam Hospitals Surabaya of</p>

Questions	Responses
	<p>Rp.429,577,500,000 (approximately S\$40.8 million) as at 31 January 2022, it also represents a 143.2%<sup>4</sup> gross premium over First REIT’s original purchase consideration of S\$16.8 million.</p> <p>The Divestment Consideration is estimated to be Rp.430.0 billion (approximately S\$40.9 million) (subject to post-completion adjustments) based on the estimated net asset value of PT TPI as at completion of the Proposed Divestment, taking into account the Agreed Property Value.</p> <p>Knight Frank was also commissioned to conduct direct marketing of Siloam Hospitals Surabaya to 37 healthcare players of substantive regional and local presence, as well as presentations or site inspections for prospective buyers. However, none of the 37 healthcare players submitted an offer.</p>
<p>10. I would assume that less effort was expended to search and source for buyers (given it was a sale to an interested party). Given so, shouldn't the sponsor waive and forfeit its divestment fees totally? Please justify why we are still paying the sponsor divestment fees.</p>	<p>Knight Frank was commissioned to conduct direct marketing of Siloam Hospitals Surabaya to 37 healthcare players of substantive regional and local presence, as well as presentations or site inspections for prospective buyers. However, none of the 37 healthcare players submitted an offer.</p> <p>A divestment fee of approximately S\$0.2 million (being 0.5% of the Agreed Property Value) is payable to the Manager for the Proposed Divestment pursuant to the Trust Deed (the “<b>Divestment Fee</b>”). As the Proposed Divestment is an Interested Party Transaction under Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “<b>Property Funds Appendix</b>”), the Divestment Fee will be in the form of Units which shall not be sold within one year of the date of issuance in accordance with Paragraph 5.7 of the Property Funds Appendix.</p>

<sup>4</sup> The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

Questions	Responses
<p>11. How will the board make use of the proceeds from the divestment of Siloam Hospitals Surabaya?</p> <p>12. The divestment represents a gross premium of 143.2%. Does First REIT intend to return part of this capital gains to unitholders?</p> <p>13. Will there be a one-time special dividend payout due to this divestment?</p> <p>14. Also, how much distribution will unitholders receive in this disposal exercise if successful?</p>	<p>The net proceeds from the Proposed Divestment may be used to repay debt, finance any capital expenditure and asset enhancement works and/or general corporate and working requirements, and to distribute as capital gains.</p>
<b>First REIT after Proposed Divestment</b>	
<p>15. After the sale, what are the properties left in First REIT's portfolio?</p>	<p>Apart from Siloam Hospitals Surabaya, as at 30 June 2022, First REIT's portfolio comprised 30 other properties across Asia. These include 15 properties in Indonesia (comprising 11 hospitals, two integrated hospital &amp; malls, one integrated hospital &amp; hotel and one integrated hotel &amp; country club), 12 nursing homes in Japan and three nursing homes in Singapore.</p>
<p>16. How will the Manager turnaround First REIT's business?</p> <p>17. What are the short-, mid- and long-term goals/targets?</p> <p>18. How does the Manager plan to improve the revenue and profitability? Is it to continue the divestment of assets?</p>	<p>In December 2021, First REIT unveiled its 2.0 Growth Strategy anchored on four strategic pillars: diversify into developed markets, reshape portfolio for capital efficient growth, strengthen capital structure to remain resilient and continue to pivot to ride megatrends. First REIT has since embarked on a series of transformative initiatives to build a stable REIT with long-term sustainable returns for Unitholders.</p> <p>In March 2022, the Manager announced the completion of the acquisition from OUE Lippo Healthcare Limited of the Japan Nursing Homes. This was a first step towards diversifying into developed markets, which improved First REIT's geographical diversification by asset value in developed markets, being Singapore and Japan, from 3.4% to 25.8% as at 31 December 2021 on a <i>pro forma</i> basis. Therefore, First REIT's geographical risk profile has improved, competitively positioning it against its peers.</p> <p>In April 2022, in line with "First REIT 2.0 Growth Strategy" to strengthen capital structure and pivot to ride megatrends, we have also successfully priced Singapore's first Credit Guarantee and Investment</p>

Questions	Responses
	<p>Facility (“CGIF”)-guaranteed healthcare social bond. The S\$100 million in aggregate principal amount five-year guaranteed bonds of 3.25% (the “Bonds”) are guaranteed by CGIF, a trust fund of the Asian Development Bank. The Bonds are also aligned with First REIT’s newly established Social Finance Framework, tying financing to achieving specific social benefit outcomes with the United Nations Sustainability Development Goals.</p> <p>To reshape the portfolio for capital efficient growth, strengthen capital structure and allow capital recycling towards higher-growth areas, we have entered into the settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya<sup>5</sup> and we are excited about the Proposed Divestment, which is an opportunity to recycle a mature asset which was constructed in 1977.</p> <p>In the next three to five years, First REIT aims to increase its exposure to developed markets to greater than 50% of its portfolio. At its core, First REIT’s diversification strategy is two-pronged. On one hand, we continue to seek out yield-accretive acquisitions that can maximise returns to our Unitholders in the long run, either through the sponsor’s healthcare network, or third-party assets. On the other, another key pillar within “First REIT 2.0 Growth Strategy” looks to reshape First REIT’s portfolio for capital efficient growth, where we look to recycle assets and capital from non-core assets. At present, we are looking to divest the Imperial Aryaduta Hotel &amp; Country Club as well, a hospitality asset that the Manager has identified as being non-core to First REIT. We will continue to harness this two-pronged strategy to pursue growth and value for Unitholders.</p> <p>In Indonesia, we have also completed the restructuring of master lease agreements for 14 hospitals with a new rental increment mechanism of either an increase of 4.5% of the base rent or the performance-based rent of 8.0% of each relevant hospital’s gross operating revenue of the preceding year, whichever is higher. Additionally, Siloam or a subsidiary of Siloam is a party to each of the 14 restructured master lease agreements to establish the direct payment of part of the rental amounts payable in respect of each of the relevant hospitals by Siloam or the relevant subsidiary of Siloam to the relevant master lessor for each of the relevant hospitals. This contributes to a more stable and steady increase in rental income streams for First REIT in the long-term.</p>

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<sup>5</sup> As defined and described in the circular to Unitholders dated 6 January 2022.



Questions	Responses
<p>19. With the divestment, the DPU would drop from 2.61 to 2.28. Do we expect quarterly distributions to drop by the same percentage?</p> <p>20. What is the projected DPU for 2022/2023?</p> <p>21. Is Management doing anything to increase DPU?</p>	<p>The Manager would note that the <i>pro forma</i> financial effects of the Proposed Divestment presented in paragraph 5 of the Circular are strictly for illustrative purposes only, prepared based on the FY2021 Audited Consolidated Financial Statements.</p> <p>Since listing in December 2006, First REIT has distributed 100% of Distributable Income. We are not able to provide DPU forecasts, but rest assured that First REIT remains committed to providing a stable distribution payout to Unitholders.</p>
<p>22. This divestment would increase our exposure to the Japanese market. It is notable that the Japanese Yen has depreciated a lot in relation to SGD. It is now almost 100 JPY to 1 SGD. Does the company hedge its exposure to the Japanese Yen? How does the company manage its exposure to the Japanese market and Japanese currency?</p> <p>23. Is the REIT concerned that, with this divestment, our increasing exposure to the Japanese market (and weakening Japanese Yen) would dampen and drag down our financial performance and lower returns and dividends for unitholders? How does it intend to address this concern from unitholders? Please elaborate.</p>	<p>A weak Japanese yen against the Singapore dollar is a positive factor, from any acquiror's perspective. Following our maiden entry into the Japan nursing home market announced in December 2021, the Manager continues to actively review prospects within Japan and other mature markets.</p> <p>Although there will be some foreign exchange impact, the impact will be capped because our portfolio in Japan comprises 22.0% of First REIT and its subsidiaries' assets-under-management. As we look to grow our presence in Japan, we are actively looking at the possibility of hedging currency risk with financial derivatives.</p> <p>Since listing in December 2006, First REIT has distributed 100% of Distributable Income. First REIT remains committed to providing a stable distribution payout to our Unitholders.</p>
<p><b>Siloam Hospitals Surabaya after Proposed Divestment</b></p>	
<p>24. What does Siloam intend to do with the property? What are Siloam's plans for the property?</p> <p>25. Does Siloam intend to refurbish and spruce up the property, and in a few years' time, sell it back to the REIT?</p>	<p>Following further discussions with LPKR, the Manager understands that either LPKR or Siloam, through its entities or otherwise, intend to continue the development works on the Development Works Site independently.</p> <p>Assuming the completion of the New Development Works, the Manager understands that Siloam will likely commence operations within the new healthcare facility, adjacent to the existing Siloam Hospitals Surabaya.</p>

Questions	Responses
	<p>At this juncture, the Manager is not able to comment on whether the existing Siloam Hospitals Surabaya or any new healthcare facility would be sold back to First REIT and will provide an update to Unitholders as and when there are material developments. First REIT will continue to seek out yield-accretive acquisitions that are in alignment with “First REIT 2.0 Growth Strategy” and in particular, to diversify further into developed and mature healthcare markets.</p>
<b>Miscellaneous</b>	
<p>26. Will First REIT issue rights for new Japanese assets, similar to the rights issue in 2021?</p>	<p>One of the pillars in “First REIT 2.0 Growth Strategy” is to strengthen First REIT’s capital structure through the diversification of funding sources. As at 31 March 2022, First REIT has a total debt of S\$468.9 million<sup>6</sup> with a gearing ratio of 35.7% and a debt headroom in excess of S\$200 million, assuming a gearing limit of 45.0%. A rights issue, if any, will be carefully considered against other debt and equity funding sources which First REIT has at its disposal. For example, with the launch of its Social Financing Framework in April 2022<sup>7</sup>, First REIT now has a new channel to raise new loans and bonds tied to social outcomes.</p>
<p>27. How much debt is based on floating interest rate expiring between 2023-2028?</p>	<p>On 1 April 2022, First REIT priced S\$100 million in Singapore’s first healthcare social bond at a fixed rate of 3.25%. Apart from this social bond, First REIT’s other borrowings as at 31 March 2022 and expiring between 2023-2028 are with floating interest rates. First REIT will manage interest rate risk on an ongoing basis through regular reviews of the optimal mix of fixed and floating rate borrowings.</p>

- END -

<sup>6</sup> Total debt net of transaction costs.

<sup>7</sup> 1 April 2022, First REIT successfully prices Singapore’s first healthcare social bond ([Link to Press Release](#)).

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**READY TO GROW**

# Proposed Divestment of Siloam Hospitals Surabaya

Extraordinary General Meeting  
25 July 2022



# DISCLOSURE

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This presentation has been prepared by First REIT Management Limited, in its capacity as 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.

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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 30 June 2022 (the "Circular"). Capitalised terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Circular.

# AGENDA

**1** About Siloam Hospitals Surabaya

**2** Transaction Overview

**3** Rationale and Financial Effects

**4** Q&A





# 1. About Siloam Hospitals Surabaya



# ABOUT SILOAM HOSPITALS SURABAYA

## Siloam Hospitals Surabaya

Jalan Raya Gubeng No. 70, Sub-District of Gubeng,  
District of Gubeng, City of Surabaya, Province of East  
Java, Indonesia



Year of Building  
Completion

1977

Area<sup>(1)</sup>

4,306sq m<sup>(2)</sup>  
Land Area

9,065sq m<sup>(3)</sup>  
Gross Floor Area

Features<sup>(1)</sup>

Comprises **5** integrated purpose-built  
hospital buildings

Ranging from **2** to **5** storeys

**162** beds

### Notes:

(1) As at 27 June 2022.

(2) When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006 for S\$16.8 million, Siloam Hospitals Surabaya comprised a larger land area of 6,862 sq m. On 11 March 2016, First REIT sold 2,556 sq m to PT Saputra Karya ("PT SK"), an indirect wholly-owned subsidiary of PT. Lippo Karawaci Tbk ("LPKR"), for a purchase consideration of S\$8.2 million.

(3) When Siloam Hospitals Surabaya was acquired by First REIT on 11 December 2006, the GFA of Siloam Hospitals Surabaya was 9,042 sq m. Since 11 December 2006, minor asset enhancement initiatives have been completed at Siloam Hospitals Surabaya, resulting in a minor increase in the GFA to 9,065 sq m.



# DEVELOPMENT RISK, FINALISING SETTLEMENT



## Development Risk

**2015:** Entered into joint arrangement and asset swap with LPKR

**2018:** A Road Subsidence took place in close proximity to Siloam Hospitals Surabaya

**2020:** Development Works no longer progressing

## Finalising Settlement

**Jun 2020 – Dec 2021:** PT TPI served a termination notice to PT SK to terminate the Development Works Agreement; the Manager in active discussions with all stakeholders to reach a settlement

**Jan 2022:** Unitholders approved the Proposed Settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya, as defined and described in the circular to Unitholders dated 6 January 2022, at EGM, the aggregate value of which was approximately S\$30.6 million

**As at 30 Jun 2022:** Settlement amount had been received in full<sup>(1)</sup>

### Note:

(1) For more information, please see SGX Announcement on 30 June 2022, '[Proposed Settlement In Respect Of The Terminated Development Works Adjacent To Siloam Hospitals Surabaya](#)'.

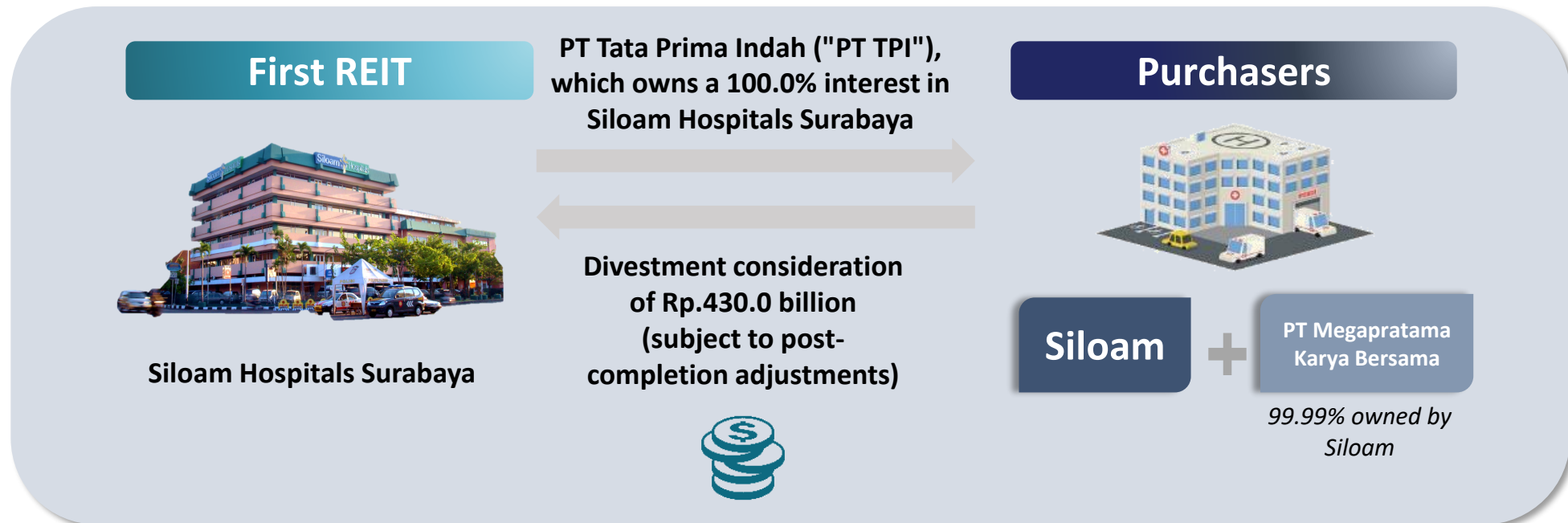


## 2. Transaction Overview



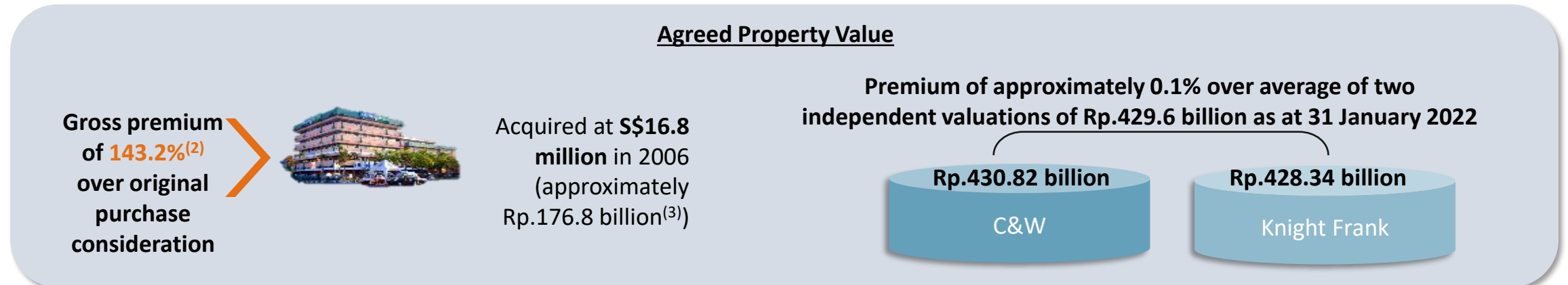
# TRANSACTION OVERVIEW

- **First REIT has entered into a conditional sale and purchase agreement in relation to the Proposed Divestment of Siloam Hospitals Surabaya** through the divestment of a property holding company to PT Siloam International Hospitals Tbk (“Siloam”) and its subsidiary on 18 May 2022
- **Proposed Divestment follows the settlement in respect of the terminated development works adjacent to Siloam Hospitals Surabaya**, which was approved by Unitholders at the EGM on 28 January 2022



# TRANSACTION OVERVIEW

- Agreed Property Value of Rp.430.0 billion (approximately S\$40.9 million<sup>(1)</sup>) represents a 143.2%<sup>(2)</sup> gross premium over First REIT's original purchase consideration of S\$16.8 million and a slight premium to the average of the two independent valuations of Siloam Hospitals Surabaya of Rp.429,577,500,000 (approximately S\$40.8 million) as at 31 January 2022:



- Weighted average age of property by GFA for First REIT will improve from 16.2 years to 15.7 years** as at 31 December 2021 and on a pro forma basis, including the Japan Nursing Homes
- Opportunity to recycle a mature asset** instead of taking on excessive development risk, and a holistic approach to resolve downstream complications

**Notes:**

(1) For illustrative purposes, unless otherwise indicated, certain Indonesia rupiah amounts have been translated into Singapore dollars based on the illustrative exchange rate of S\$1.00 = Rp.10,526.  
 (2) The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.  
 (3) Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.



### 3. Rationale and Financial Effects



# FIRST REIT 2.0 GROWTH JOURNEY

RESTRUCTURED

REFRESHED

READY TO GROW



## 2.0 GROWTH STRATEGY



Diversify into  
Developed  
Markets



Reshape Portfolio For  
Capital Efficient  
Growth



Strengthen Capital  
Structure to Remain  
Resilient



Continue to Pivot to  
Ride Megatrends

## MILESTONES

- Acquisition of 12 Japan Nursing Homes
  - Developed market portfolio assets increased to 24.7% of its total portfolio value as at 31 March 2022

- Entered into settlement agreements to strengthen capital structure and allow capital recycling towards higher-growth areas
- **Proposed Divestment of Siloam Hospitals Surabaya is an opportunity to recycle a mature asset, reap capital gains and recycle capital**

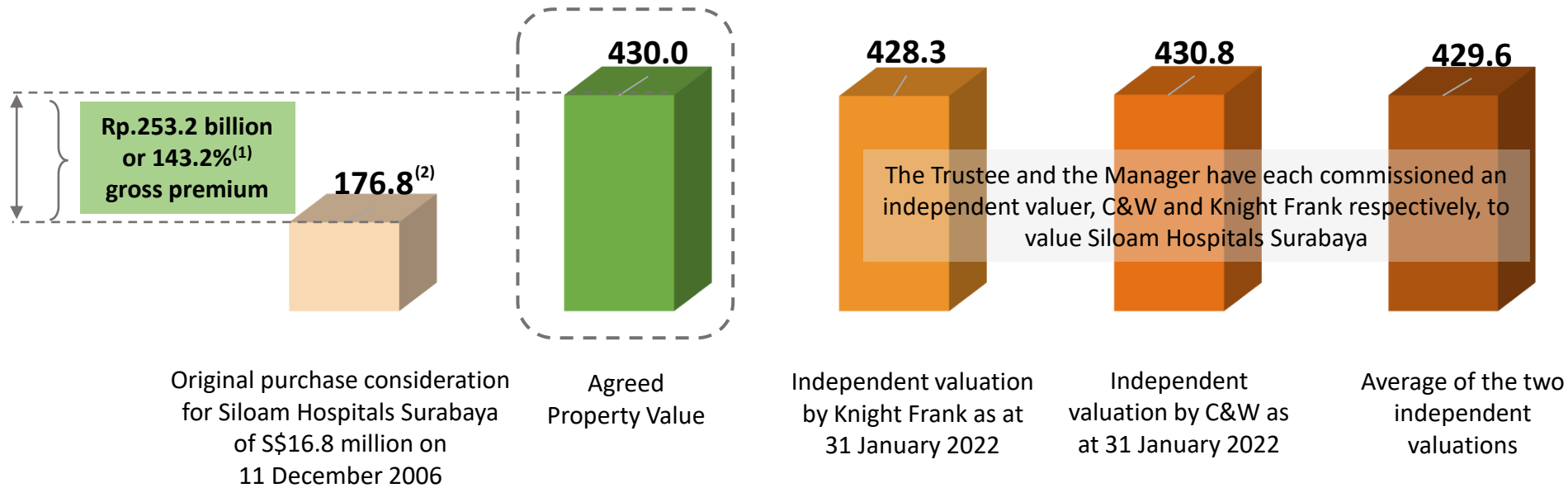
- Successfully priced Singapore's first CGIF-guaranteed healthcare Social Bond
  - First of its kind capital markets issuance
  - First time CGIF provided a credit guarantee to a social bond issued within the Singapore REIT market and the Singapore debt market in general
  - Contributes towards supporting better healthcare provision in Indonesia



# REAPS CAPITAL GAINS AND RECYCLES CAPITAL

- The Proposed Divestment is in alignment with First REIT’s capital recycling initiative under its 2.0 Growth Strategy
- An opportunity to recycle a mature asset that has been held within First REIT’s portfolio since First REIT’s initial public offering

## Comparison of Independent Valuations Against Agreed Property Value (Rp’billion)



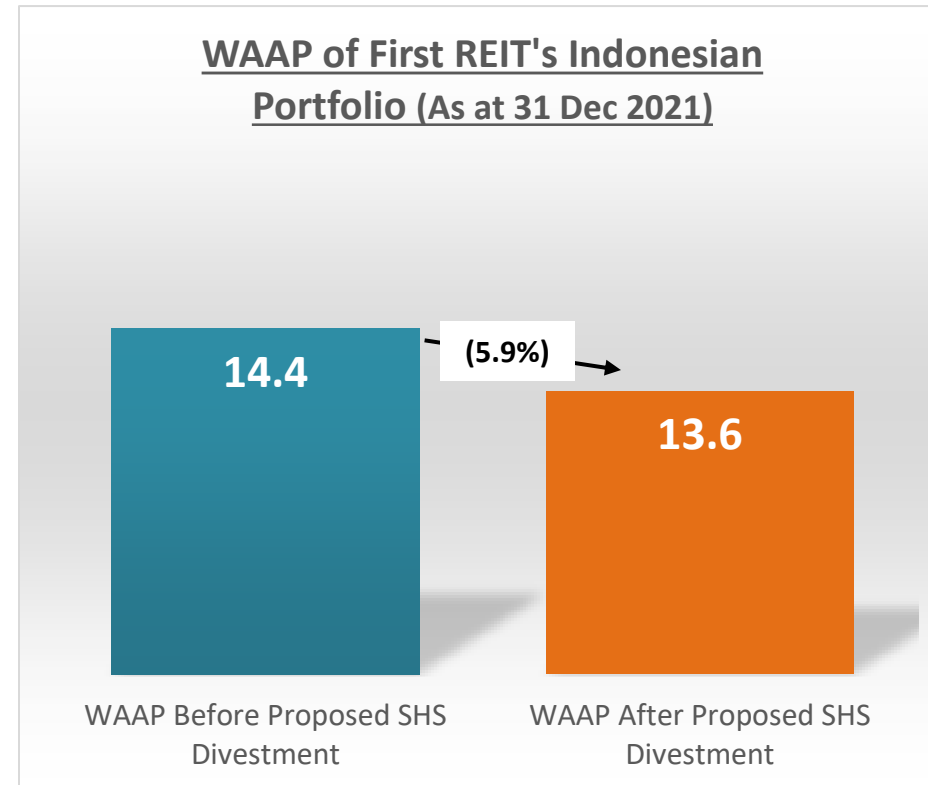
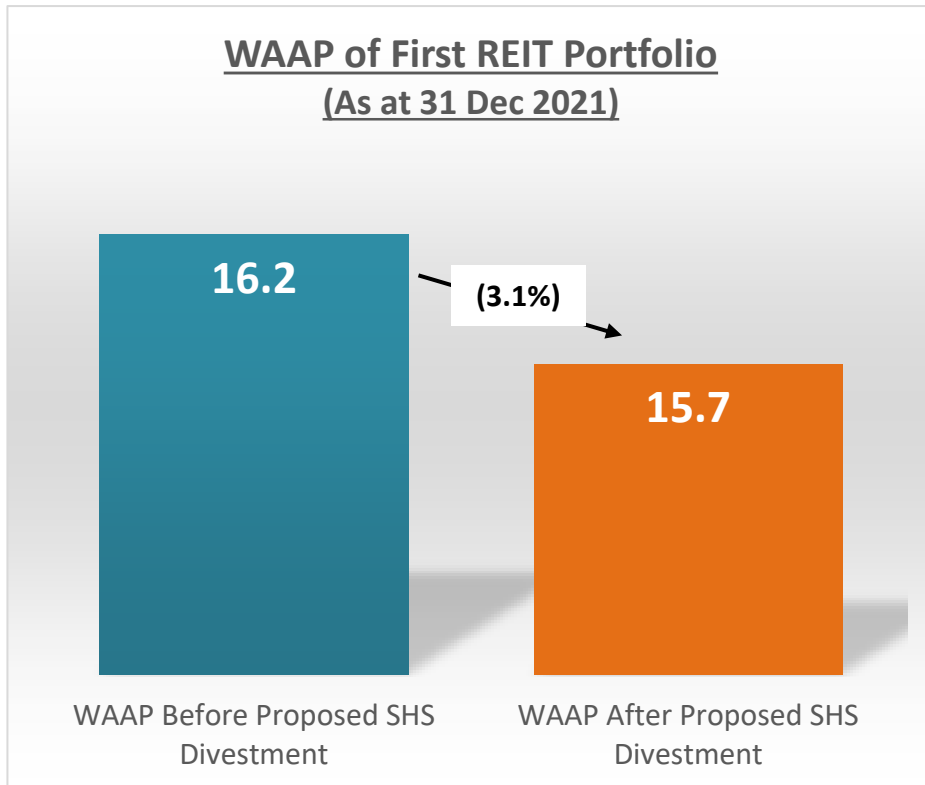
### Notes:

(1) The gross premium of 143.2% does not take into account the divestment by First REIT of 2,556 sq m for a consideration of S\$8.2 million on 11 March 2016. Taking into account such divestment of 2,556 sq m for a consideration of S\$8.2 million, the gross premium would be 192.0%.

(2) Based on an illustrative exchange rate of S\$1.00 = Rp.10,526.

# IMPROVEMENT IN WEIGHTED AVERAGE AGE OF PROPERTY

- Following the Proposed Divestment, the weighted average age of property (“**WAAP**”) by GFA for First REIT will improve from **16.2 years** to **15.7 years** as at 31 December 2021 and on a *pro forma* basis, including the Japan Nursing Homes

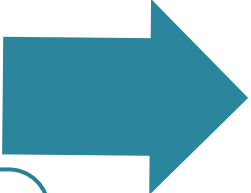




# DEVELOPMENT RISKS TO RESTART DEVELOPMENT WORKS

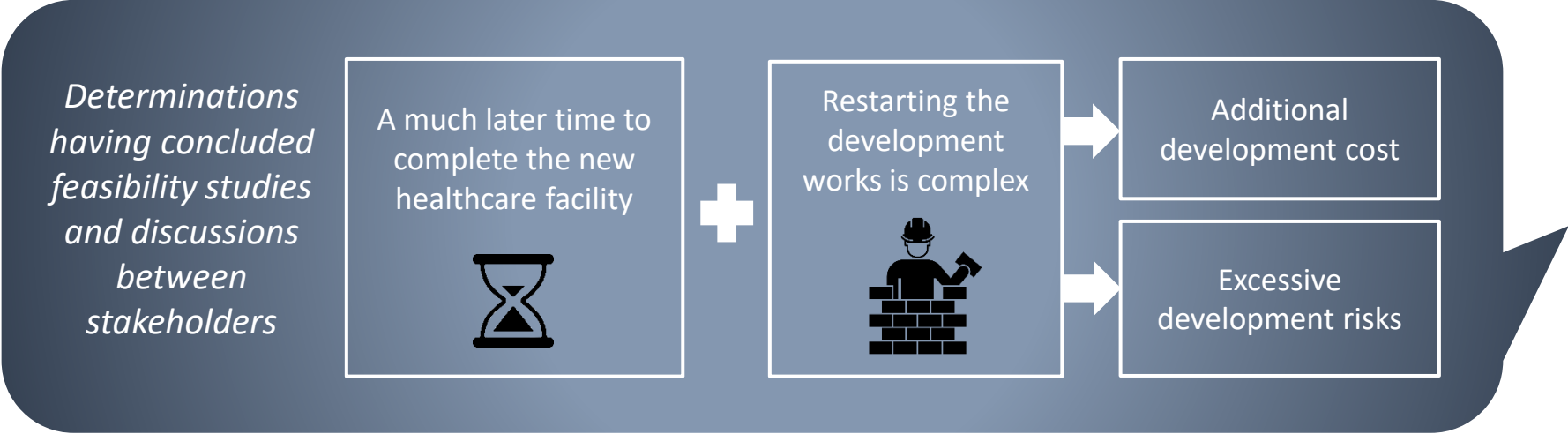
2020

- The Manager commissioned various consultants to carry out feasibility studies to determine possibility of conducting future construction works



2022

- The Manager determined restarting development works is a complex matter and First REIT would incur additional development cost and take on excessive development risk





# A HOLISTIC APPROACH THAT RESOLVES DOWNSTREAM COMPLICATIONS

Tenants of the existing Siloam Hospitals Surabaya likely to switch to the new facility



**A** The Manager understands that either LPKR or Siloam intend to continue the development works on the Development Works Site (Plot A and Plot B) independently (the "New Development Works")

**B** Assuming the completion of the New Development Works, Siloam will likely commence operations within the new healthcare facility, adjacent to the existing Siloam Hospitals Surabaya

**C** The existing Siloam Hospitals Surabaya will therefore likely be vacated by the tenants, in favour of the new healthcare facility

Proposed Divestment is a prudent exit strategy and presents a holistic approach that resolves downstream complications

# PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

Strictly for illustrative purposes only.

	<i>Pro forma</i> effects of the Proposed Divestment for FY2021		
	DPU	DPU Yield <sup>(2)</sup>	NAV per Unit <sup>(3)</sup>
<b>FY2021 Audited Consolidated Financial Statements<sup>(1)</sup></b>	2.61 cents	8.6%	36.65 cents
<b>After the Proposed Divestment</b>	2.28 cents	7.5%	36.48 cents

For the *pro forma* financial effects of the Proposed Divestment, please refer to paragraph 5 of the Letter to Unitholders in the Circular to Unitholders dated 30 June 2022.

**Notes:**

- (1) Based on the FY2021 Audited Consolidated Financial Statements
- (2) Based on Unit price of S\$0.305 as at 31 December 2021
- (3) As at 31 December 2021

# KEY TAKEAWAYS OF THE PROPOSED DIVESTMENT

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**Reaps capital gains and opportunity  
to recycle a mature asset**

**Opportunity to recycle a mature asset instead of taking  
on excessive development risk**

**Prudent exit strategy and presents a holistic approach  
that resolves downstream complications**

**Improvement in WAAP for First REIT**

**Aligns with  
First REIT 2.0 Growth Strategy to  
Reshape Portfolio for  
Capital Efficient Growth**

**Net proceeds may be used to:**

**repay debt, finance any capital  
expenditure and asset enhancement  
works and/or general corporate and  
working requirements, and to distribute  
as capital gains**

# ADVICE OF THE IFA AND RECOMMENDATIONS

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## ADVICE OF THE IFA

Having considered the factors and the assumptions set out in the IFA Letter<sup>(1)</sup>, and subject to the qualifications set out therein, the IFA is of the opinion that the Proposed Divestment is based on normal commercial terms and is not prejudicial to the interests of First REIT and its minority Unitholders.

## RECOMMENDATIONS

The Independent Directors and the Audit and Risk Committee recommend that Unitholders vote at the EGM in favour of the resolution relating to the Proposed Divestment.

**We look forward to your support. Thank You.**

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**Note:**

(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.

## 4. Q&As



