



## Balancing growth with stability

December 2022

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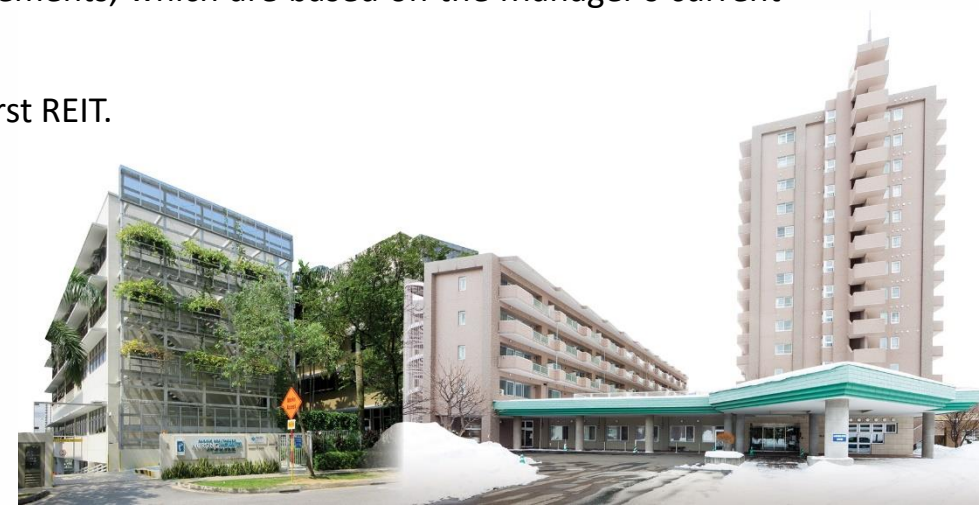
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The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

This presentation has not been reviewed by the Monetary Authority of Singapore.



# Overview of First REIT

First REIT is Singapore's first healthcare real estate investment trust.  
Our vision is to become Asia's premier healthcare trust.

## ASSET SIZE

**S\$1.2 billion** AUM <sup>(1)</sup>

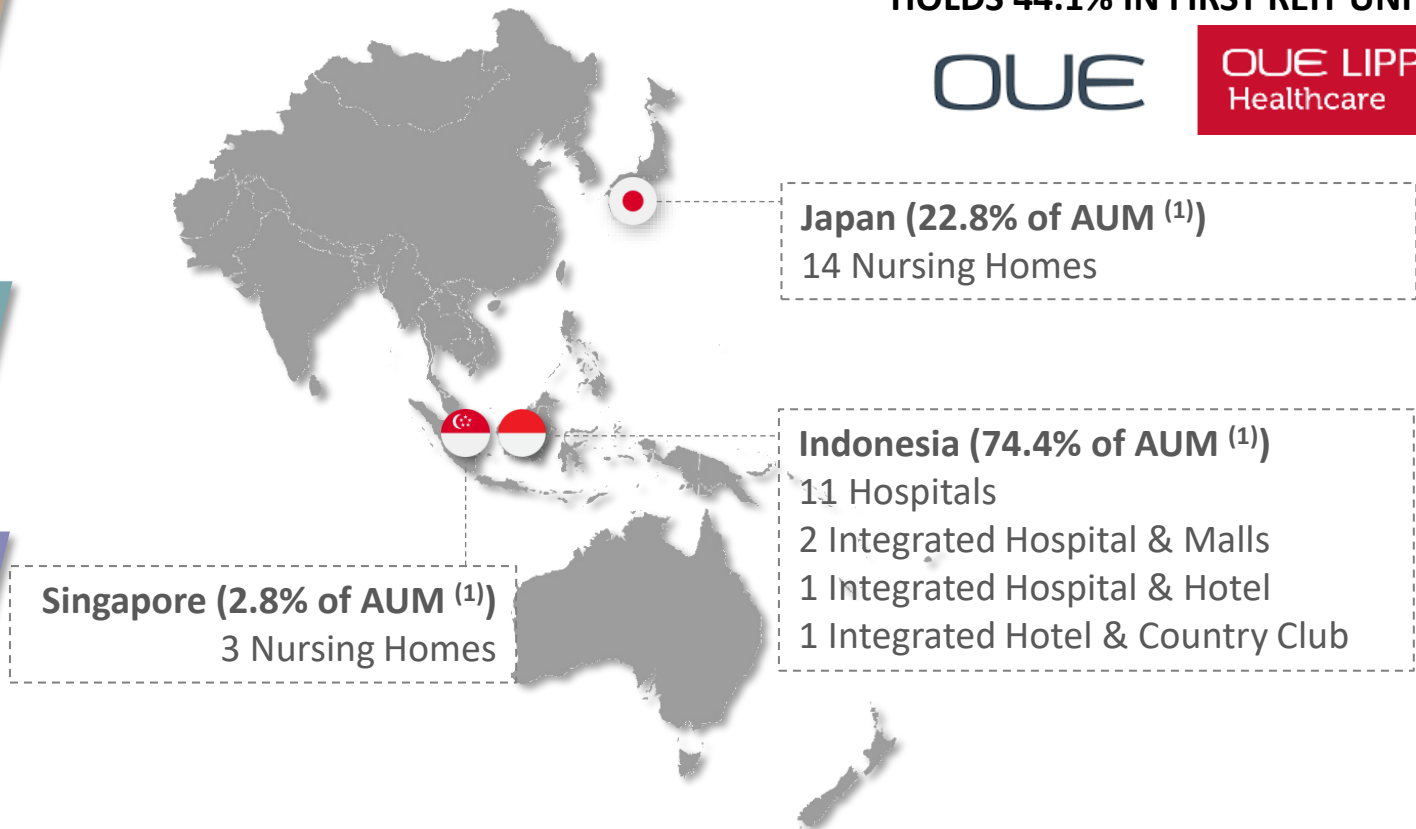
**100% COMMITTED OCCUPANCY  
WITH LONG LEASE TERMS** <sup>(2)</sup>

**12.7 years** WALE

**HEALTHY FINANCIAL POSITION** <sup>(3)</sup>

**35.6%** gearing ratio

## 32 ASSETS ACROSS ASIA <sup>(3)</sup>



**STRONG SPONSOR SUPPORT:  
HOLDS 44.1% IN FIRST REIT UNITS** <sup>(3)</sup>

**OUE**

**OUE LIPPO  
Healthcare**

## Notes

(1) Based on carrying values as at 30 September 2022

(2) The WALE is calculated on a gross floor area basis, as at 30 September 2022

(3) As at 30 September 2022

# Master lease structure

✓ Lease structure ensures consistent returns, with built-in rent increment for most of portfolio <sup>(1)</sup>

✓ Lease structure ensures impact from rising inflation is managed by Master Lessee

Indonesia



- Higher of base rent escalation of **4.5%**;  
OR
- Performance-based rent escalation of **8.0%** of hospital's gross operating revenue in the preceding financial year



- Cost of utilities and repair managed by Master Lessees in triple net lease agreements

Japan



- Annual rental may be revised upwards every 2 to 3 years upon negotiation based on the increase in Japan's consumer price index and interest rates



- Cost of utilities managed by Master Lessees in single net lease and triple net lease agreements

Singapore



- Fixed base rental
- Annual increment of 2%



- Cost of utilities managed by Master Lessees in double net lease and triple net lease agreements

## Notes

(1) For 14 Indonesia assets, 12 Japan assets, and all 3 Singapore assets

# Key financial highlights in 9M 2022

FINANCIAL HIGHLIGHTS (S\$' MILLION)	9M 2022	9M 2021	% Change (Y-o-Y)
RENTAL & OTHER INCOME	80.9	58.1	39.2
NET PROPERTY & OTHER INCOME	79.1	56.5	40.1
DISTRIBUTABLE AMOUNT	38.8	31.4	23.7
DPU (CENTS)	1.98	1.95	1.5
ANNUALISED DPU (CENTS)	2.64	2.61 <sup>(2)</sup>	1.1

- Rental and Other Income increased 39.2% Y-o-Y to S\$80.9 million due to:
  - Contribution from 12 Japan nursing homes acquired in March 2022 and 2 Japan nursing homes acquired in September 2022
  - Rental income from Indonesia hospitals' restructured master lease agreements, with a minimum 4.5% annual escalation from 1 January 2021 to 31 December 2035<sup>(1)</sup>

## Note

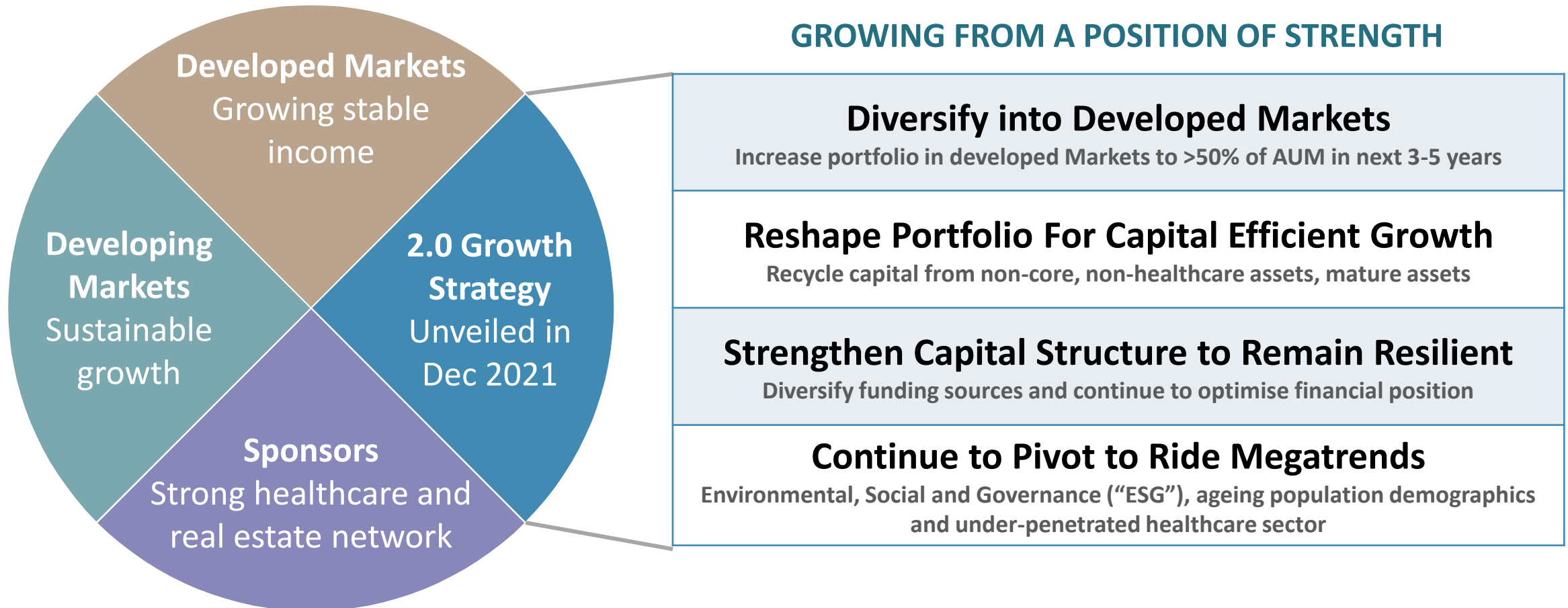
(1) Subject to any extension required in respect of the underlying property title and with an option for a further 15-year renewal term with the mutual agreement of both the relevant master lessors and the relevant master lessees

(2) Includes 9M 2021 DPU of 1.95 cents and 4Q 2021 DPU of 0.66 cents

# Pursuing sustainable long-term growth

First REIT's 2.0 growth strategy prioritises the sustainability of our distributions to our unitholders.

## GROWING FROM A POSITION OF STRENGTH



# Diversify into developed markets

First REIT intends to focus growth in developed markets with a target of >50% of AUM in these markets by 2027

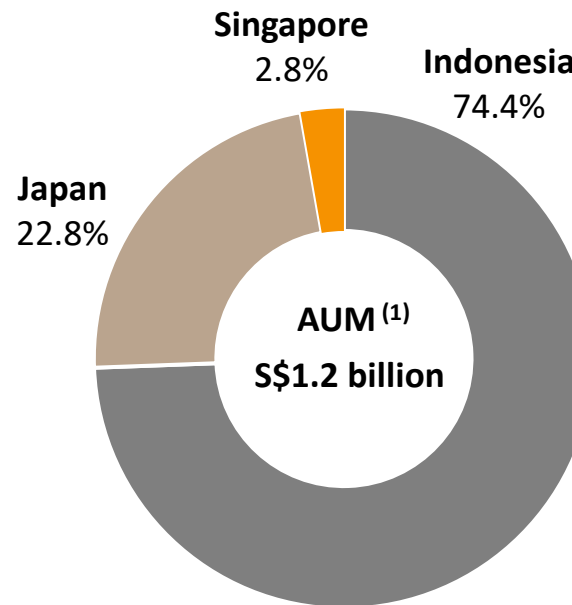
- More than one-quarter of AUM in developed markets after acquisition of nursing homes in Japan in 2022
- Geographical and tenant concentration risk reduced

## Acquired in March 2022

12 high quality freehold nursing homes from sponsor OUELH

## Acquired in September 2022

2 high quality freehold nursing homes from third parties <sup>(2)</sup>



### Notes

(1) Based on carrying values as at 30 September 2022

(2) Healthcare Management Partner and Healthcare & Medical Investment Corporation

# Diversify into developed markets

All 14 properties in Japan operated by independent, well-established and experienced local nursing home operators

#	Operators	Profile	Nursing homes' locations
1	<b>Hikari Heights Varus Co., Ltd</b>	<ul style="list-style-type: none"> <li>Operating track record <sup>(1)</sup>: <b>~35 years</b></li> <li>Listed on Sapporo Stock Exchange</li> </ul>	7 in Sapporo
2	<b>Safety Life Co., Ltd</b>	<ul style="list-style-type: none"> <li>Operating track record <sup>(1)</sup>: <b>~22 years</b></li> </ul>	2 in Nara
3	<b>Orchard Care Co., Ltd</b>	<ul style="list-style-type: none"> <li>Operating track record <sup>(1)</sup>: <b>~8 years</b></li> </ul>	2 in Nagano, 1 in Kyoto
4	<b>Benesse Style Care Co.,Ltd.</b>	<ul style="list-style-type: none"> <li>Operating track record <sup>(1)</sup>: <b>~19 years</b></li> <li>2<sup>nd</sup> largest nursing home operator in Japan with market share of 3.2%<sup>(2)</sup></li> </ul>	1 in Aichi
5	<b>Social Welfare Research Institute Co, Ltd.</b>	<ul style="list-style-type: none"> <li>Operating track record <sup>(1)</sup>: <b>~15 years</b></li> </ul>	1 in Kanagawa



## Notes

(1) As at September 2022

(2) Source: Tamura Planning and Operating (as of April 2022)



# Reshape portfolio for capital efficient growth

## Recycle capital from non-core, non-healthcare assets, mature assets



**Siloam Hospitals Surabaya (SHS)**



### Settlement Agreements and Divestment of SHS

- Unitholders approved Settlement in respect of the terminated development works adjacent to SHS in January 2022 <sup>(1)</sup>
  - Settlement amount of S\$30.6 million was received on 30 June 2022 <sup>(2)</sup>
- Unitholders also approved Divestment of Siloam Hospitals Surabaya on 25 July 2022. Divestment was completed on 29 September 2022.
  - Gross premium of 143.2% <sup>(3)</sup> over original purchase consideration
  - Reaps capital gains and opportunity to recycle a mature asset constructed in 1977



**Imperial Aryaduta Hotel  
& Country Club (IAHCC)**



### Identified IAHCC as a non-core asset which is being marketed for divestment

- Appointed PT Rantaka Haburi Radika in joint collaboration with PT Colliers International Indonesia to procure a suitable purchaser
- Appraised value of S\$28.8 million as at 7 November 2022
- Master lease had been renewed up to 31 December 2022, with an option to renew for a further one year, providing revenue stability while still allowing strategic flexibility

#### Notes

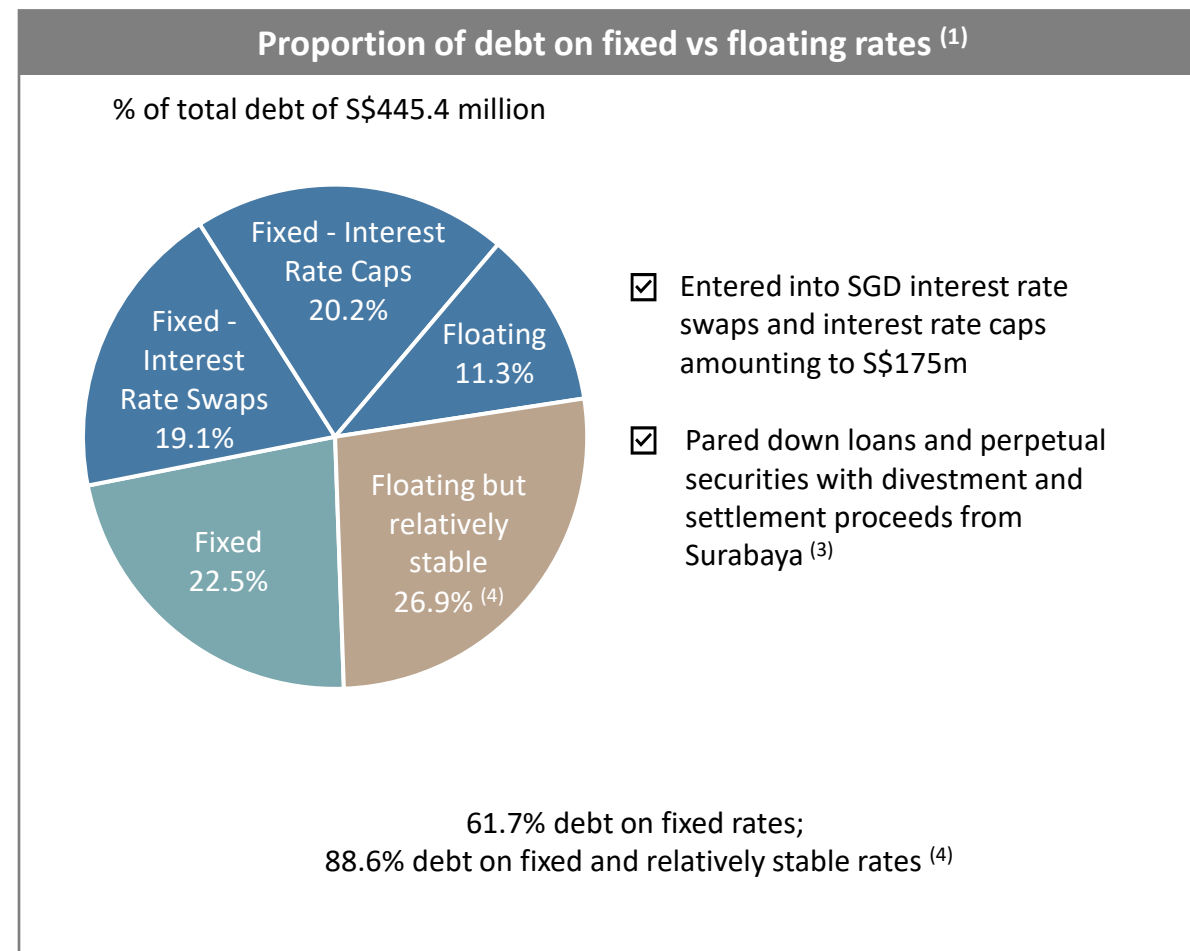
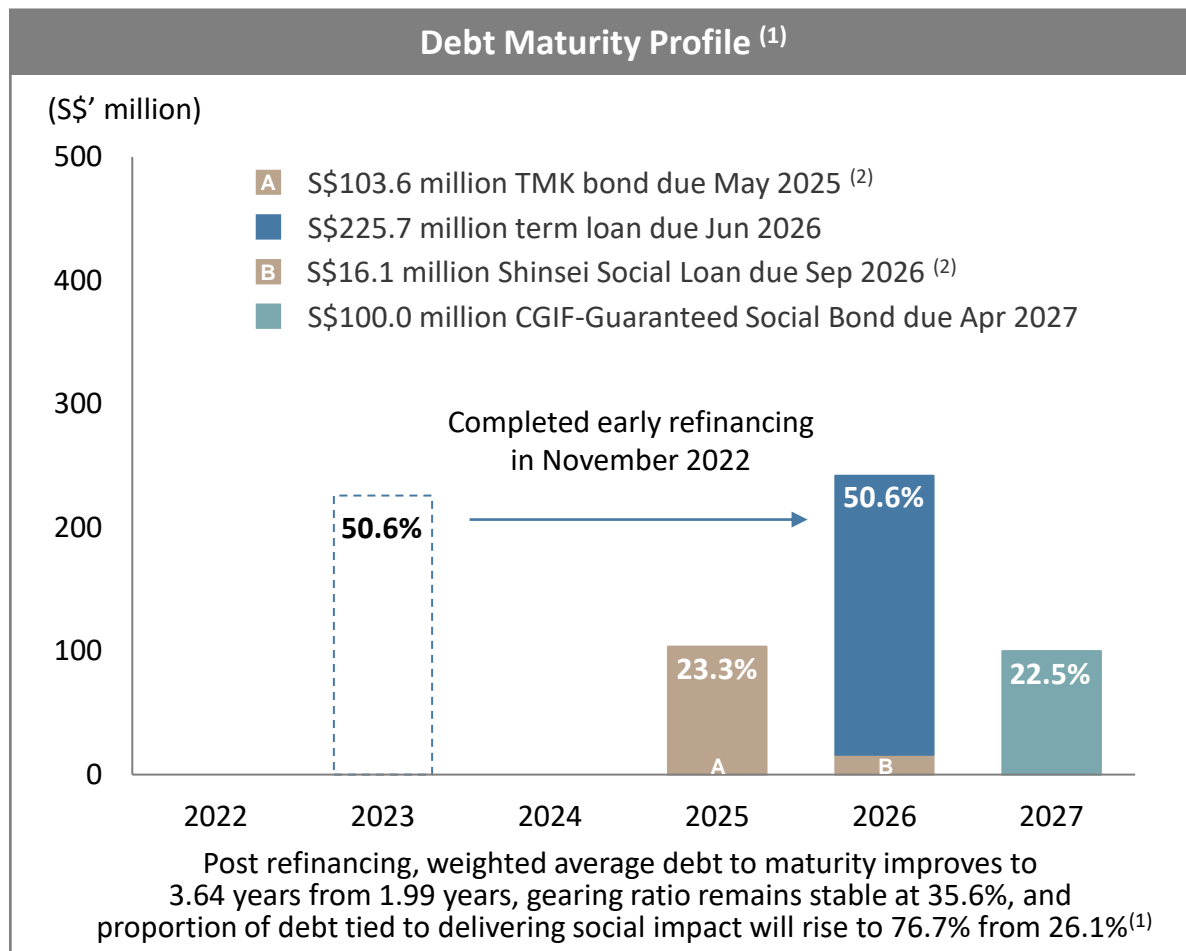
(1) As defined and described in the Circular to Unitholders dated 6 January 2022

(2) 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](#)'.

(3) Acquired at S\$16.8 million in 2006. 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 ("Initial Divestment"). Taking into account the Initial Divestment, the gross premium would be 192.0%.

# Strengthen capital structure to remain resilient

## Completed early refinancing of 50.6% of debt, and mitigated impact of rising interest rates



### Notes

(1) On a pro forma basis as at 30 September 2022

(2) Computed based on September 2022 exchange rate of SGD 1 = JPY 103.09

(3) Divestment of the mature Siloam Hospital Surabaya and settlement from terminated development works adjacent to it

(4) Includes debt on relatively stable rates: S\$103.6 million TMK bond due May 2025 and S\$16.1 million Shinsei Social Loan, both of which are denominated in Japanese Yen and pegged to the Tokyo Term Risk Free Rate

# Continue to pivot to ride megatrends

Aligning financing strategy with sustainability strategy: Proportion of social loans and bond rose to 76.7% in November 2022 from 26.1% as at 30 September 2022.

Contribute to the achievement of United Nations Sustainable Development Goals



Deliver social impact in accordance with Social Finance Frameworks <sup>(1)</sup> that are aligned with ICMA Social Bond Principles <sup>(2)</sup>, LMA Social Loan Principles <sup>(3)</sup>

- Provide access to essential services for the elderly
- Provide access to essential healthcare services to countries with hospital beds below regional average

First REIT's social loans and bond

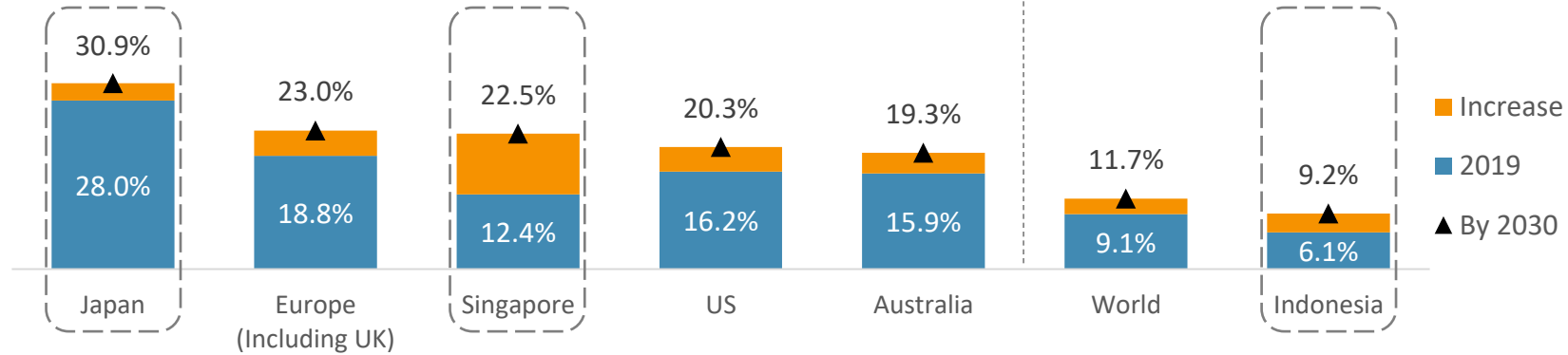
- Term Loan and Revolving Credit Facility due Jun 2026
  - Shinsei Social Loan due Sep 2026
- CGIF-Guaranteed Social Bond due Apr 2027

## Notes

- (1) First REIT's Social Finance Framework and Shinsei Bank Limited's Social Finance Framework
- (2) Social Bond Principles published by International Capital Market Association (ICMA)
- (3) Social Loan Principles published by Loan Market Association

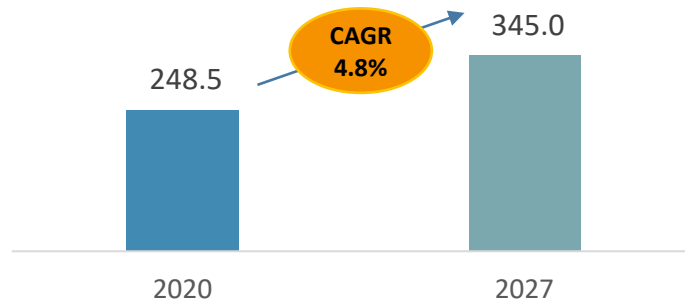
# Positive outlook for healthcare industry

% POPULATION AGED 65 YEARS AND ABOVE (1)



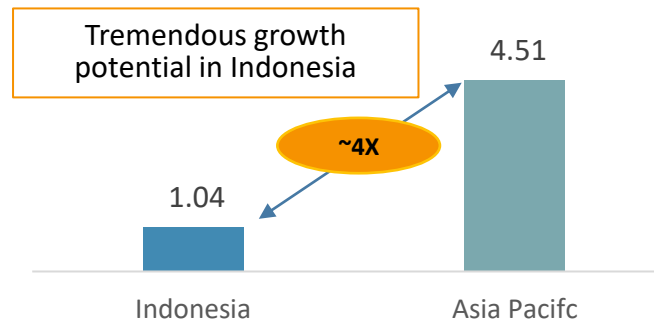
- Common trend of an **expected increase in the number of people aged 65 years or over**, between 2019 and 2030
- Singapore, Japan, Australia, Europe (including UK) and US have a percentage of population aged 65 years or older **higher than the world average**

GLOBAL NURSING CARE FACILITIES (US\$BN) (2)



- Global nursing care facilities is expected to grow at a **CAGR of 4.8%** to US\$345.0 billion in 2027

# HOSPITAL BEDS PER 1,000 PEOPLE (3)



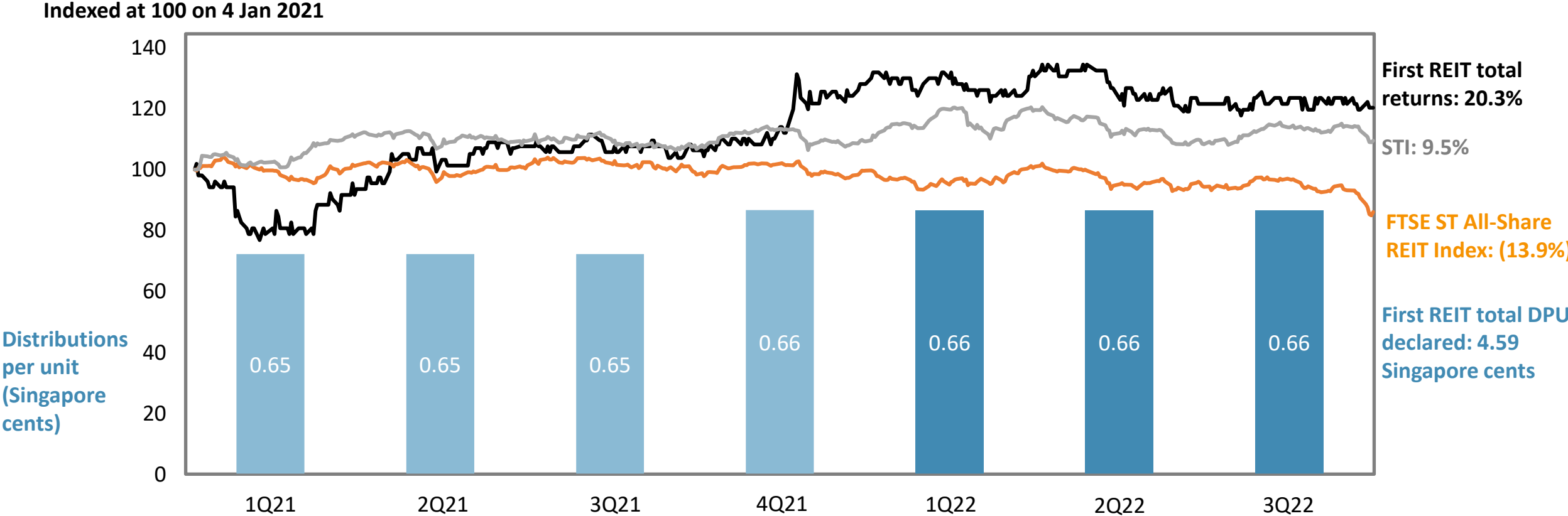
- Indonesia only has **1.04 hospital beds per 1,000 people**, to service the population, which is >4 times lower than the Asia Pacific average of 4.5 beds per 1,000 people.

**Notes**

- (1) United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Ageing 2019: Highlights (ST/ESA/SER.A/430)
- (2) "[Nursing Care Facilities - Global Market Trajectory & Analytics](#)" report
- (3) World Bank Data, as at 2017, which is the latest available year for the relevant geographical areas

# First REIT's total returns outperformed STI and REIT index

First REIT delivered a total return of 20.3% since January 2021, of which 18.3 percentage points were from stable distributions <sup>(1)</sup>. As at 30 September 2022, First REIT's annualised distribution yield was 10.4% <sup>(2)</sup>.

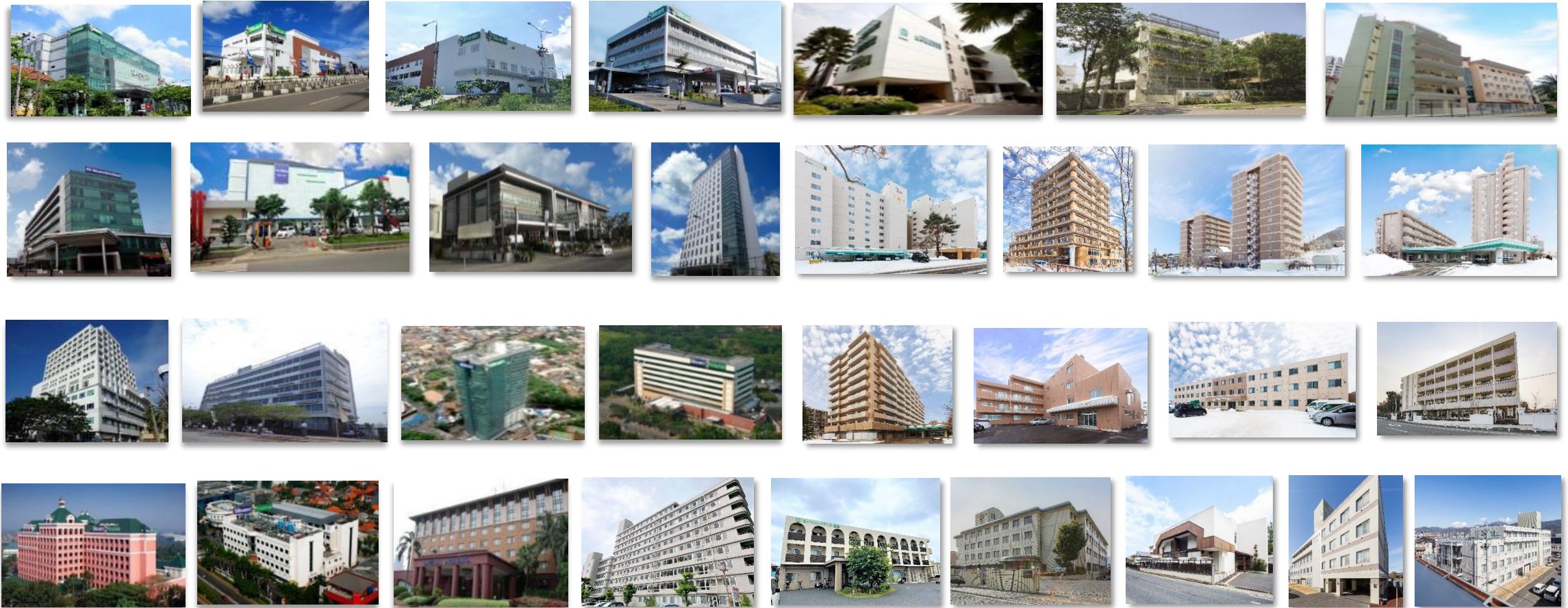


**Notes**

(1) First REIT's closing unit price was S\$0.260 on 4 Jan 2021, S\$0.255 on 30 Sep 2022, and total distributions per unit received between 4 Jan 2021 to 30 Sep 2022 was 4.77 Singapore cents  
 (2) Based on annualised DPU of 2.64 Singapore cents and First REIT's closing unit price of S\$0.255 as at 30 Sep 2022

# First REIT is striking a balance with growth and stability

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***With strong sponsor support and 2.0 Growth Strategy in motion, First REIT remains committed to balancing growth and stability in its portfolio, delivering sustainable distributions to unitholders.***



# Appendix





# Sustainable growth in developing markets

Indonesia has 1.04 hospital beds per 1,000 people, amongst the lowest rates of the ASEAN countries<sup>(1)</sup>. The growth of Indonesia's middle-class and the introduction of universal healthcare has also driven demand in the healthcare sector.

		Prior to 2021	Since 2021
New Master Lease Agreements for 14 hospitals	Base Rent Escalation	2x of Singapore's consumer price index increase for the preceding calendar year ( <b>capped at 2%</b> )	<b>4.5% annually</b>
	Variable / Performance-Based Rent	Variable rent factor ( <b>0%-2%</b> ) applied to a function of the gross operating revenue	<b>8.0%</b> of preceding financial year Hospital gross operating revenue
	Total Rent Payable	Base + Variable	Higher of Base or Performance Based Rent ( <i>asset by asset basis</i> )
	Tenure	<b>15 years + 15 years with mutual agreement</b>	<b>15 years + 15 years with mutual agreement</b>
	Currency	<b>SGD</b>	<b>IDR</b>

- As part of our capital recycling strategy, First REIT has also divested Siloam Hospitals Surabaya which was held within First REIT's portfolio since our initial public offering; this divestment was completed on 27 September 2022.

## Notes

(1) Source: World Bank data.

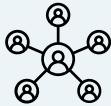
# Strengthen capital structure to remain resilient, and continue to pivot to ride megatrends

## Diversify funding sources and continue to optimise financial position



**First ever  
healthcare social  
bond in Singapore**

- **S\$100 million**, five-year guaranteed bonds of 3.25%, issued on 7 April 2022, payable semi-annually in arrears
- Rated **AA by Standard & Poor's**, and **Guaranteed by CGIF**, a trust fund of the Asian Development Bank; first time CGIF provided a credit guarantee to a social bond issued within the REIT market and debt market in Singapore



**Secured  
JPY1.66 billion  
social loan from  
Japanese bank**

- Secured a JPY1.66 billion non-recourse social loan from Shinsei Bank, Limited, a leading diversified Japanese financial institution
- Funds were earmarked for the acquisition of the trust beneficial interest in each of two Japan nursing homes, Komaki and Ayase, announced on 21 September 2022



**Tender offer for  
outstanding  
perps: 45%  
acceptance**

- First REIT successfully received **acceptance of c. 45%** for its tender offer for outstanding perpetual notes in September 2022
- The voluntary tender acceptance rate reflects a positive reception to the offer, which provided securityholders with the option of liquidity at a significant premium over secondary market prices.