



Balancing growth with stability

February 2023

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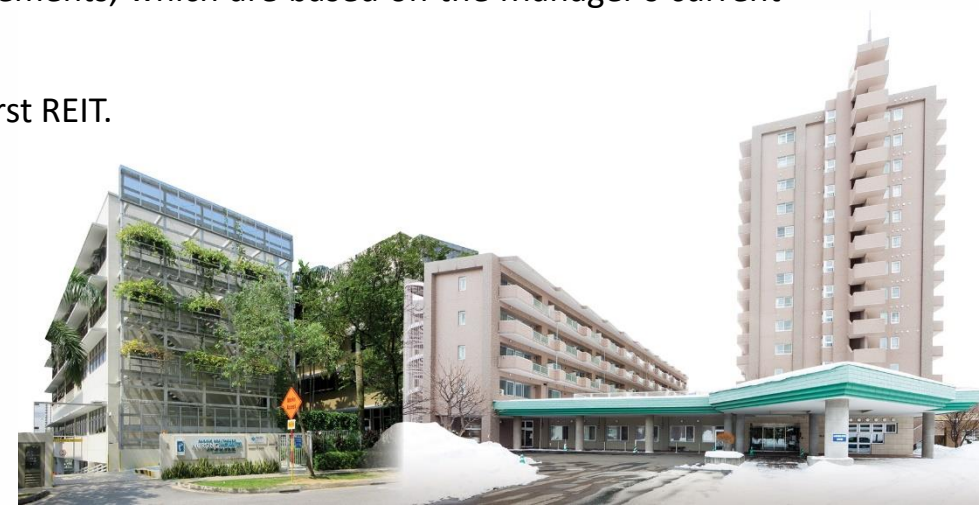
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The past performance of First REIT is not necessarily indicative of the future performance of First REIT.

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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 ⁽¹⁾

S\$1.15 billion

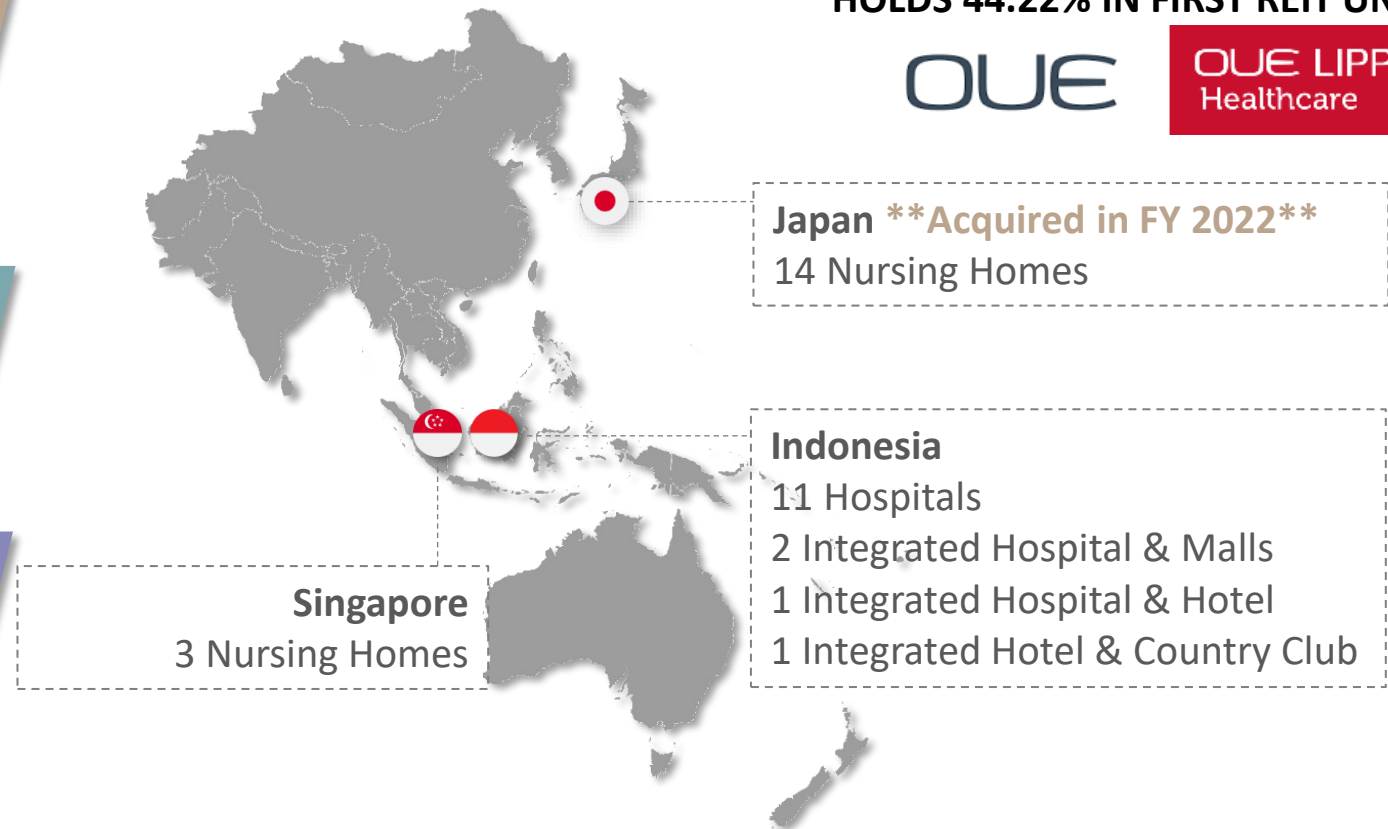
MARKET CAPITALISATION ⁽²⁾

S\$535.2 million

DPU YIELD | PRICE-TO-BOOK RATIO ⁽²⁾

10.2% | 0.85x

32 ASSETS ACROSS ASIA ⁽³⁾



STRONG SPONSOR SUPPORT:
HOLDS 44.22% IN FIRST REIT UNITS ⁽³⁾

OUE

OUE LIPPO
Healthcare

Notes

- (1) Based on carrying values as at 31 December 2022
- (2) Based on closing price of S\$0.26 as at 31 December 2022
- (3) As at 31 December 2022

MASTER LEASE STRUCTURE

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

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

Indonesia



- Higher 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

FY 2022 HIGHLIGHTS

1

STABLE DISTRIBUTION

FY 2022 **2.64 cents** +1.1% Y-O-Y
4Q 2022 **0.66 cent** Unchanged

2

GEOGRAPHICAL DIVERSIFICATION

% of AUM in developed markets ⁽¹⁾
FY 2022 **27.9%** +24.5%pt Y-O-Y
Target: >50% in developed markets by 2027,
in line with First REIT 2.0 Growth Strategy ⁽²⁾

3

MANAGING INTEREST RATE AND FX RISKS

% debt on fixed rates/ hedged **59.6%**
Weighted average debt to expiry **3.38** years

Entered into NDFs and Call Spreads to hedge IDR net cashflow

4

ALIGNED FINANCING WITH SOCIAL IMPACT

% debt which are social finance instruments **76.5%**
Priced first healthcare social bond in Singapore: S\$100 million, 5-year bonds of 3.25%⁽³⁾
 Recognised as Sustainable Fixed Income

Notes

- (1) Developed markets comprises Japan and Singapore
- (2) Please see slides 15 to 20 for more info on First REIT 2.0 Growth Strategy
- (3) Rated AA by S&P, guaranteed by CGIF, a trust fund of the Asian Development Bank

KEY FINANCIAL PERFORMANCE

(S\$' MILLION)	FY 2022	FY 2021	% Change (Y-o-Y)
RENTAL & OTHER INCOME	111.3	102.3	8.7
NET PROPERTY & OTHER INCOME	108.6	100.2	8.3
DISTRIBUTABLE AMOUNT	52.4	42.1	24.4
DPU (CENTS)	2.64	2.61	1.1

- Rental and Other Income increased 8.7% Y-o-Y to S\$111.3 million due to:
- Contribution from 14 Japan Nursing Homes acquired in March and September 2022
 - Rental income from restructured master lease agreements for 14 hospitals in Indonesia, with a minimum 4.5% annual escalation, lease tenure from 1 January 2021 to 31 December 2035 ⁽¹⁾

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

BALANCE SHEET & FINANCIAL POSITION

S\$' MILLION	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
ASSETS		
NON-CURRENT ⁽¹⁾	1,146.6	962.5
CURRENT	52.0	87.1
TOTAL	1,198.6	1,049.5
LIABILITIES		
NON-CURRENT	512.1	270.6
CURRENT ⁽²⁾	21.2	127.2
TOTAL	533.3	397.7
UNITHOLDERS' FUNDS	632.1	591.1
UNITS (MILLION)	2,058.6	1,613.0
NAV/UNIT (CENT)	30.70	36.65

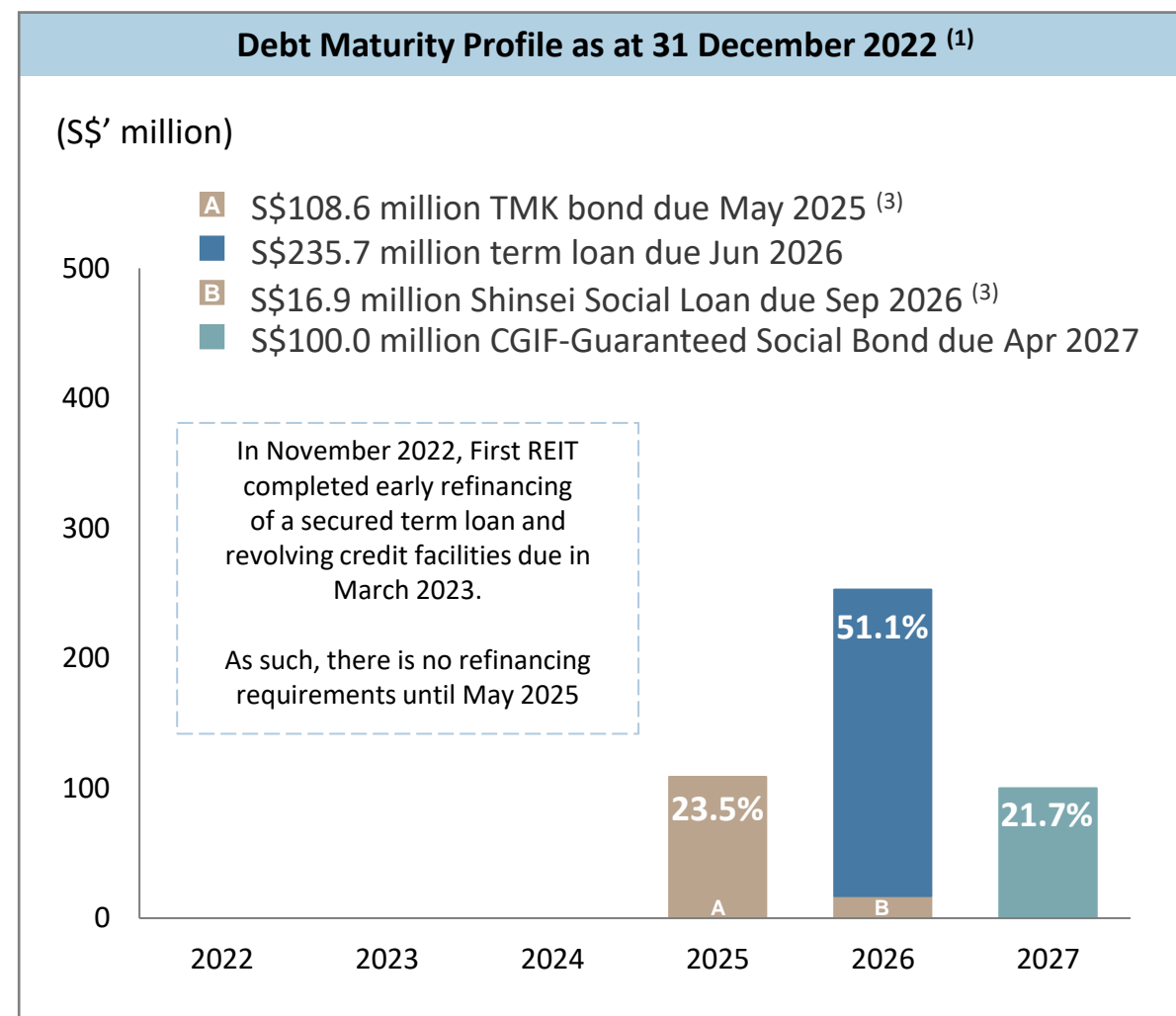
- ☑ Total Assets increased due to the acquisition of 12 Japan nursing homes from sponsor OUELH in March 2022 and 2 additional Japan nursing homes from third parties in September 2022
- ☑ Issuance of 431.1 million new units to OUELH for the acquisition of the 12 Japan Nursing Homes, strengthens alignment with other unitholders of First REIT

Notes

- (1) Non-current assets comprise investment properties which increased from S\$962.4 million to S\$1,146.6 million mainly due to the acquisition of the Japan Nursing Homes in March and September 2022
- (2) Total liabilities comprise other financial liabilities, non-current and current which increased from S\$397.7 million to S\$533.3 million mainly due to the assumption of TMK bonds upon acquisition of Japan properties. The Trust has also refinanced the loans due in May 2022 and March 2023 on 9 April 2022 and 1 December 2022 respectively

CAPITAL MANAGEMENT & DEBT MATURITY PROFILE

	AS AT 31 DECEMBER 2022	AS AT 31 DECEMBER 2021
TOTAL DEBT ⁽¹⁾	S\$461.2 million	S\$352.4 million
GEARING RATIO ⁽²⁾	38.5%	33.6%
WEIGHTED AVERAGE DEBT TO MATURITY	3.38 years	0.94 years
COST OF DEBT (ON AN ALL-IN COST BASIS)	3.7% per annum	4.2% per annum
INTEREST COVER RATIO	5.0x	5.7x

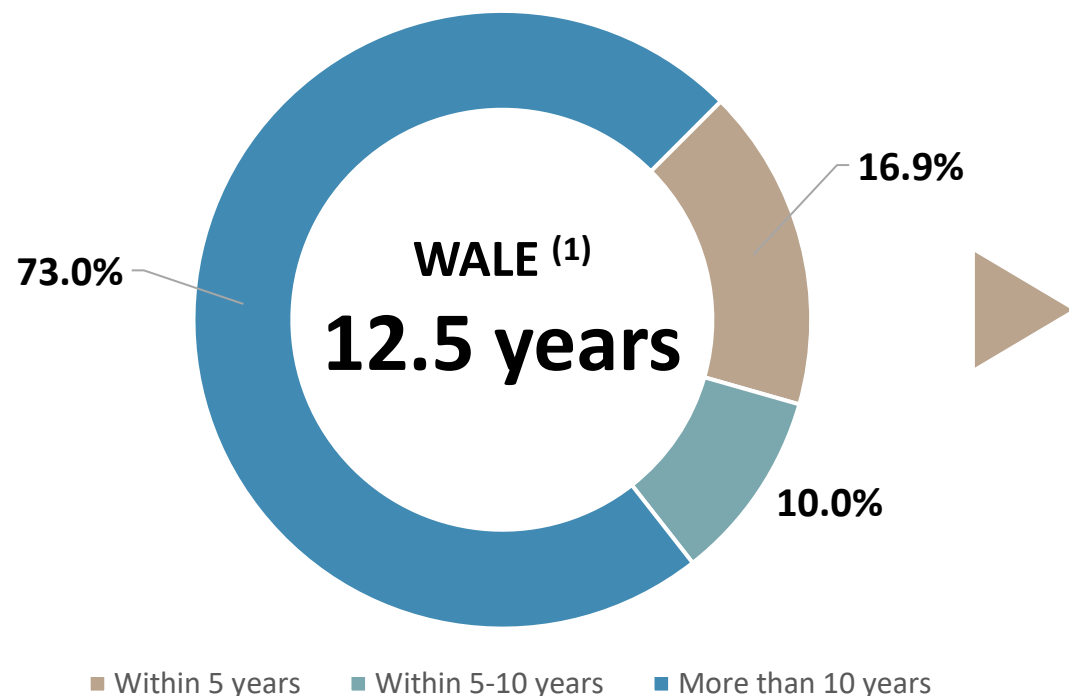


Notes

- (1) Total debt before transaction costs
- (2) Computed based on gross debt to deposited property
- (3) Computed based on December 2022 exchange rate of SGD 1 = JPY 98.04

LONG WALE, STABLE REVENUE STREAMS

Lease expiry profile as % of GFA



Lease Expiry within 5 Years

Property	Expiry
Imperial Aryaduta Hotel & Country Club ⁽²⁾	Dec 2023
Siloam Hospitals Lippo Cikarang	Dec 2025
Pacific Healthcare Nursing Home @ Bukit Merah	Apr 2027
Pacific Healthcare Nursing Home II @ Bukit Panjang	Apr 2027
Medical and Rehabilitation Home Bon Sejour Komaki	May 2027
The Lentor Residence	Jun 2027
Hotel Aryaduta Manado	Nov 2027

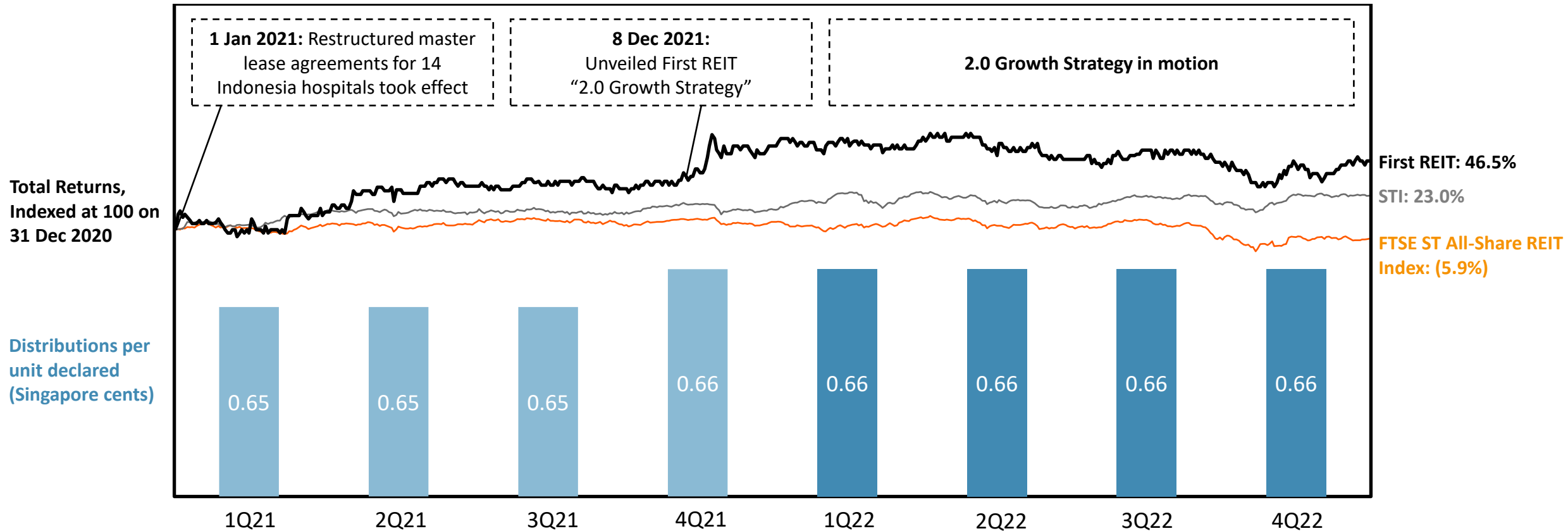
Notes

(1) The WALE is calculated on a gross floor area basis and as at 31 December 2022

(2) As announced on 22 December 2022, the master lease of Imperial Aryaduta Hotel & Country Club had been renewed up to 31 December 2023. The Manager had identified IAHC as a non-core asset and appointed PT Rantaka Haburi Radika in joint collaboration with PT Colliers International Indonesia to procure a suitable purchaser for IAHC since May 2021. The Manager intends to continue to market IAHC for divestment and believes it is prudent to have in place a short-term lease in line with market terms while this process remains ongoing. The renewed lease provides some revenue stability from IAHC while still allowing the Manager strategic flexibility as it further refines its longer-term business plans.

First REIT outperformed STI and REIT index

First REIT delivered a total return of 46.5% from January 2021 to December 2022, and stable distributions contributed 26.7 percentage points ⁽¹⁾. First REIT's annualised distribution yield was 10.2% ⁽²⁾.



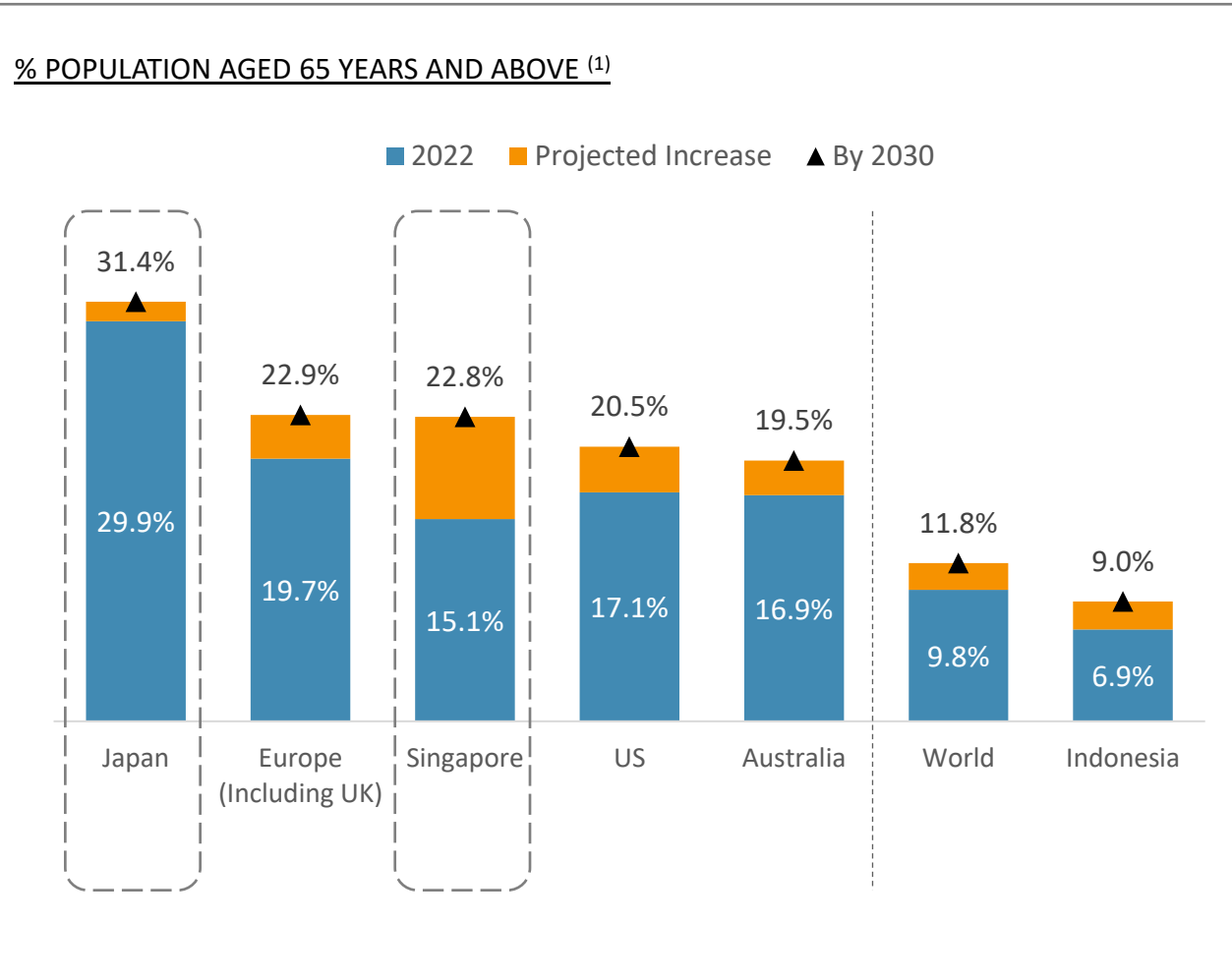
Notes

- (1) Source: Bloomberg
 (2) Based on annualised DPU of 2.64 Singapore cents and First REIT's closing unit price of S\$0.26 as at 31 December 2022

POSITIVE OUTLOOK FOR HEALTHCARE REAL ESTATE



DEMOGRAPHIC TAILWINDS FOR SENIOR HOUSING



Overview

- Developed markets including Singapore and Japan have a percentage of population aged 65 years or older higher than the world average ⁽¹⁾

Japan

- The government has targeted to raise the availability of senior housing supply to 4% of total population by 2030, vs ~2% in 2018, implying an additional 600,000 beds ⁽²⁾

Singapore

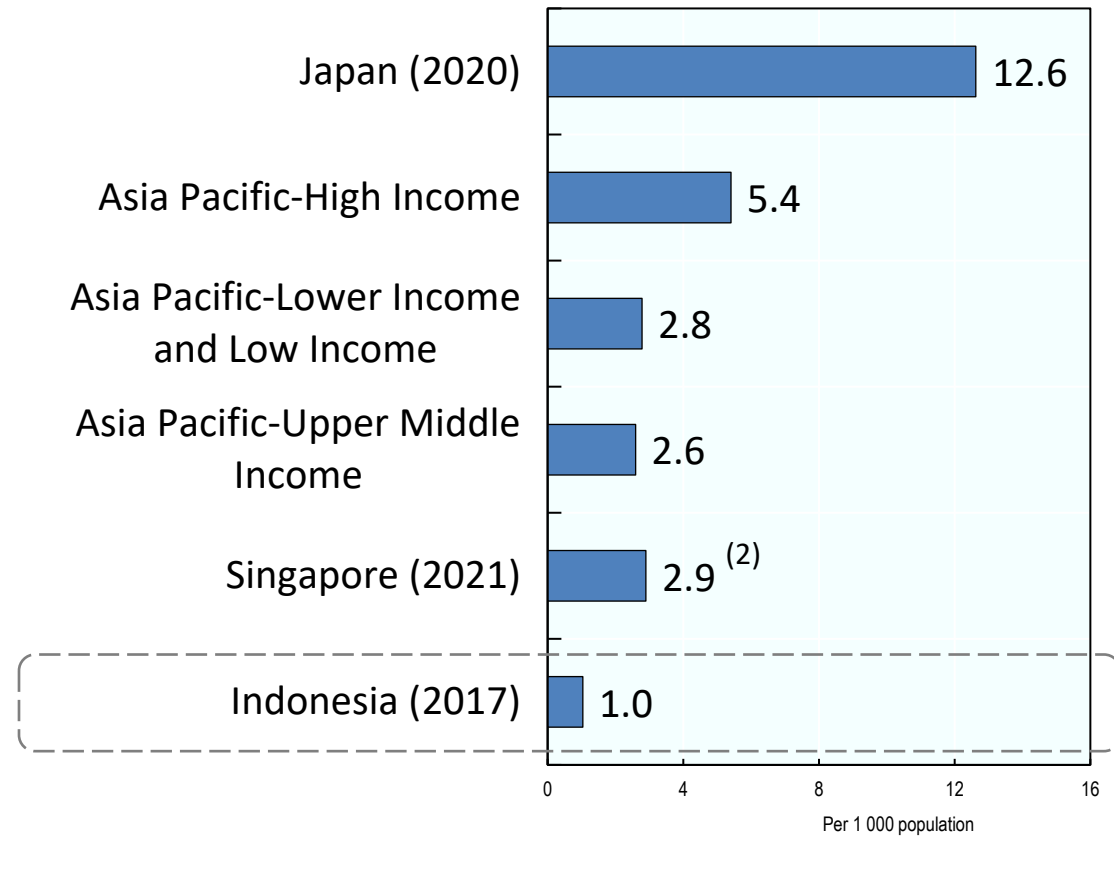
- Ministry of Health also plans to increase the number of nursing home beds to more than 31,000 in the next 10 years, vs ~16,900 beds in 2021 ⁽³⁾

Notes

- (1) United Nations, Department of Economic and Social Affairs, Population Division (2023). Available from <https://population.un.org/DataPortal/>
- (2) Institutional Real Estate, 1 February 2023, 'Japan's silver-haired lining: The age of senior housing has arrived'
- (3) The Straits Times, 13 June 2022, 'Singapore to double number of eldercare centres by 2025, expand their services', [Ministry of Health](#)

DEMAND FOR IMPROVED ACCESS TO HEALTHCARE

HOSPITAL BEDS PER 1,000 PEOPLE, LATEST YEAR AVAILABLE ⁽¹⁾



Indonesia

- Average number of hospital beds of 1.0 per 1,000 people remains below the Asia Pacific average for lower-middle and low income countries, as well as for upper-middle income countries, and for high income countries ⁽¹⁾
- At least 52 million economically secure Indonesians, or one Indonesian in every five, is considered to be in the middle class, which is growing faster than other groups ⁽³⁾

Notes

(1) Source: [OECD Health Statistics 2022](#)

(2) Source: [Singapore Department Of Statistics, Ministry of Health](#)

(3) World Bank, 30 January 2020, "[Aspiring Indonesia: Expanding the Middle Class](#)"

FIRST REIT 2.0 GROWTH STRATEGY



PURSUING SUSTAINABLE LONG-TERM GROWTH

First REIT '2.0 Growth Strategy' prioritises the sustainability of distributions to unitholders

GROWING FROM A POSITION OF STRENGTH



1) Diversify into Developed Markets

Increase portfolio in developed markets to >50% of AUM by 2027

2) Reshape Portfolio For Capital Efficient Growth

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

3) Strengthen Capital Structure to Remain Resilient

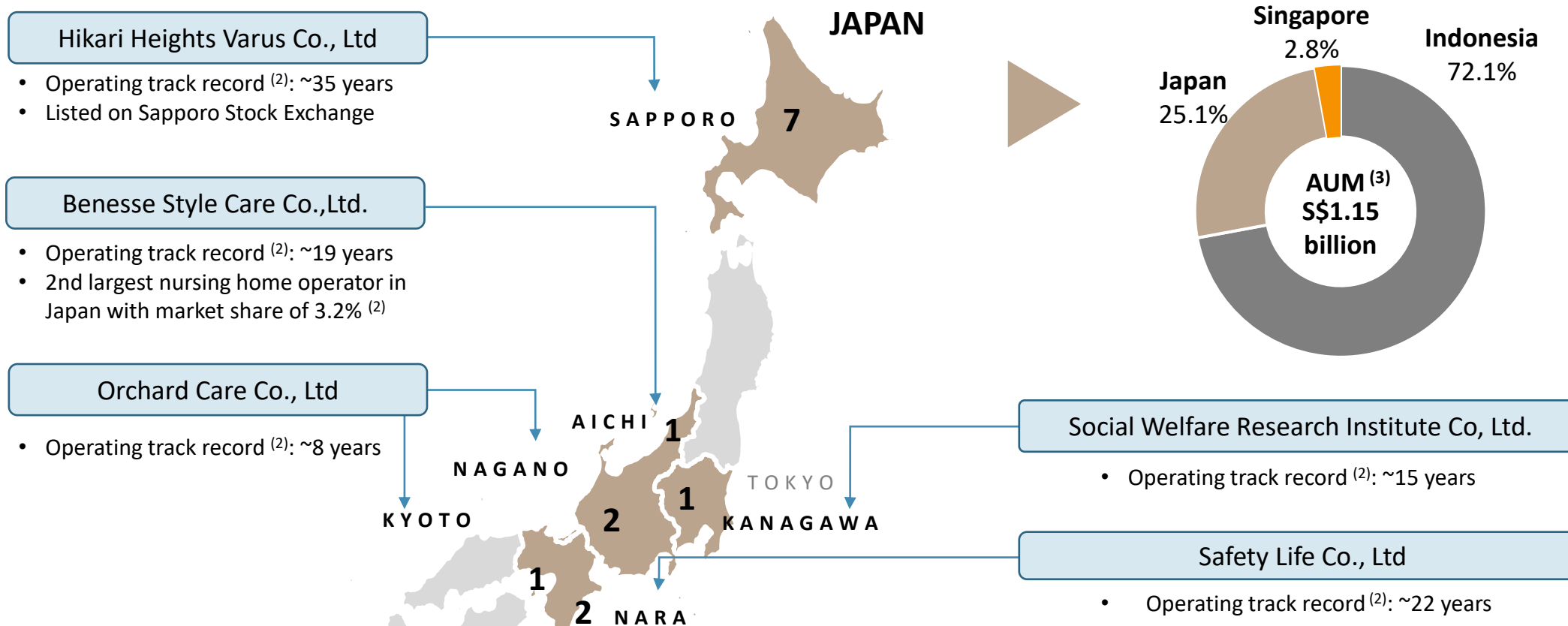
Diversify funding sources and continue to optimise financial position

4) Continue to Pivot to Ride Megatrends

Environmental, Social and Governance ("ESG"), ageing population demographics and under-penetrated healthcare sector

1) DIVERSIFY INTO DEVELOPED MARKETS

On track to meet target of >50% of AUM in developed markets by 2027 after acquisition of 14 freehold Japan nursing homes ⁽¹⁾ in 2022 which are operated by independent, well-established and experienced operators:

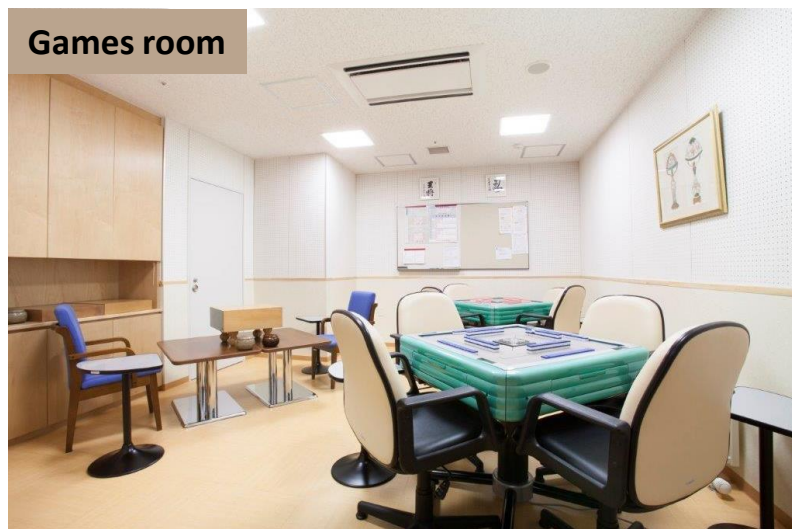


Notes

(1) 12 Japan nursing homes acquired from sponsor OUELH, 1 acquired from Healthcare Management Partner and 1 acquired from Healthcare & Medical Investment Corporation
 (2) As at 31 December 2022
 (3) Based on carrying values as at 31 December 2022

1) DIVERSIFY INTO DEVELOPED MARKETS

First REIT's attractive and high-quality nursing homes in Japan are catering to growing demand.



2) RESHAPE PORTFOLIO FOR CAPITAL EFFICIENT GROWTH

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

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



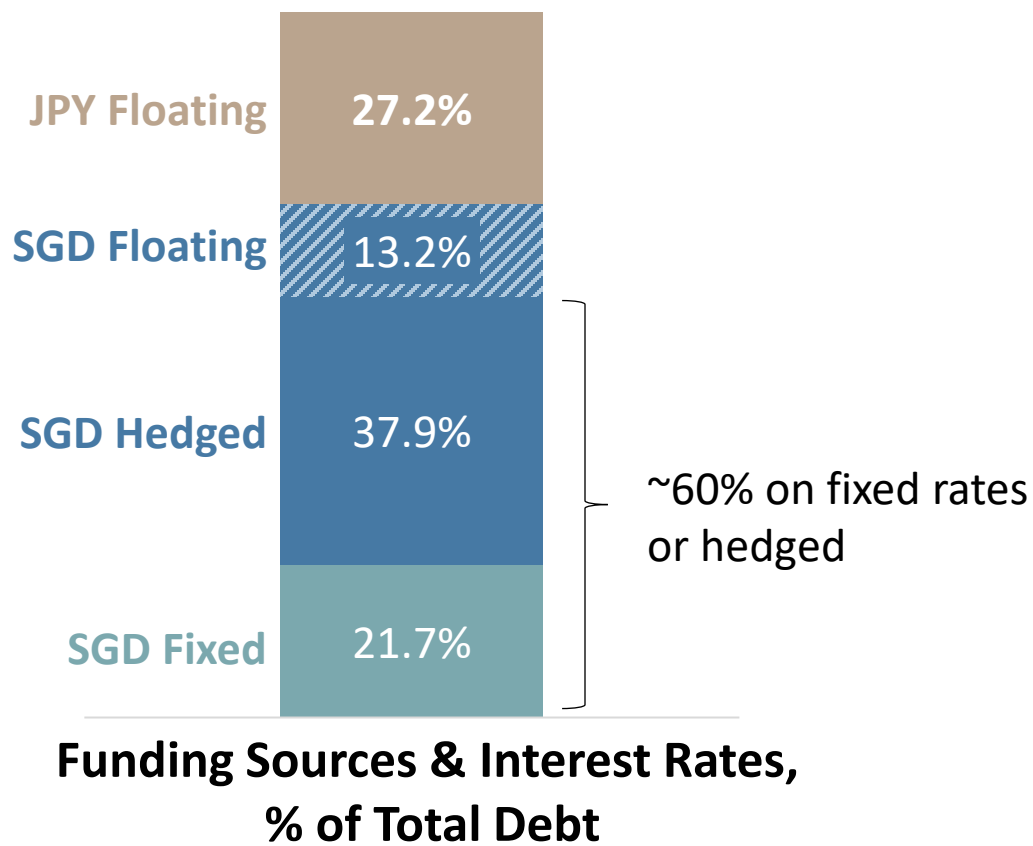
**Imperial Aryaduta Hotel & Country Club
(IAHCC)**

- Renewed lease with rent of Rp20.2 billion to be paid quarterly in advance for a term commencing 1 January 2023 and ending 31 December 2023
- Short term lease provides revenue stability while still allowing strategic flexibility; appointed PT Rantaka Haburi Radika in joint collaboration with PT Colliers International Indonesia to procure a suitable purchaser
- Appraised value of S\$27.5 million (IDR 316.7 billion) as at 31 December 2022

3) STRENGTHEN CAPITAL STRUCTURE TO REMAIN RESILIENT

Diversify funding sources and continue to optimise financial position

Total Debt ⁽¹⁾: S\$461.2 million ⁽²⁾



- ✓ Close to 60% of debt on fixed rates or hedged
- ✓ Mitigated impact of rising interest rates after entry into SGD interest rate swaps and interest rate caps amounting to S\$175m
- ✓ Regularly evaluate the feasibility of putting in place interest rate hedges of up to 75%, after taking into account the prevailing market conditions
- ✓ Entered into NDFs and Call Spreads to hedge IDR net cashflow

Notes

(1) Total debt before transaction costs

(2) As at 31 December 2022

4) CONTINUE TO PIVOT TO RIDE MEGATRENDS

Aligning financing strategy with sustainability strategy

First REIT's social finance instruments comprise 76.5% of total debt in FY 2022

SGX
Fixed Income

Recognised as
Sustainable Fixed Income

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

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

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

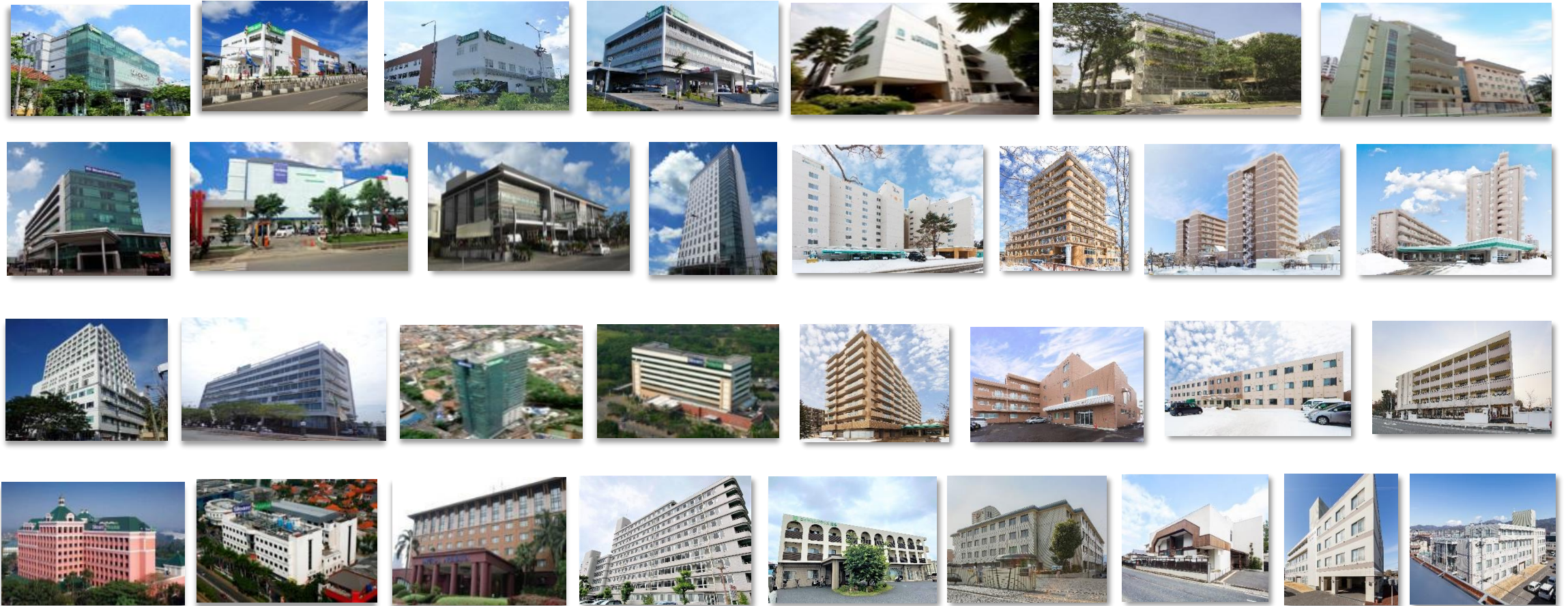
Contribute to the achievement of United Nations Sustainable Development Goals



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

FIRST REIT IS BALANCING GROWTH WITH STABILITY



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.



THANK YOU

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