

Health is Wealth!

Diving Deep into Asia's Thriving Healthcare Real Estate

June 2024



DISCLAIMER

This presentation has been prepared by First REIT Management Limited, in its capacity as the manager of First Real Estate Investment Trust (“First REIT”, and the manager of First REIT, the “Manager”).

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The value of units in First REIT (“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 has not been reviewed by the Monetary Authority of Singapore.

ABOUT THE SPEAKER



Victor Tan
CEO & Executive Director
First REIT Management Limited

Victor joined First REIT Management Limited (the “**Manager**”) in 2008, was appointed as chief financial officer in July 2008, and subsequently became the Chief Executive Officer in September 2017.

Prior to joining the Manager, Mr Tan had more than 10 years of accounting experience with a large listed Singapore-based healthcare group, focusing on financial reporting.

CONTENTS

- **INTRODUCTION**
- **HEALTHCARE REAL ESTATE INDUSTRY**
 - JAPAN
 - SINGAPORE
 - INDONESIA
- **CAPTURING OPPORTUNITIES WITH FIRST REIT**

FIRST REIT IS SINGAPORE'S FIRST HEALTHCARE REIT (1)

**Our vision is to become
Asia's premier healthcare trust.**

**Our mission is to deliver stable
and sustainable distributions
to Unitholders.**

SPONSORS (3)

OUE



Asset
Size (2)

S\$1.14
billion



Total GFA
of 32 Properties (4)

448,744
square metres



Weighted Average
Lease Expiry (4)

11.3
years



Max. No.
Rooms/Beds (4)

6,522



Total No.
of Tenants (4)

11



Occupancy
Rate (4)

100%

Notes

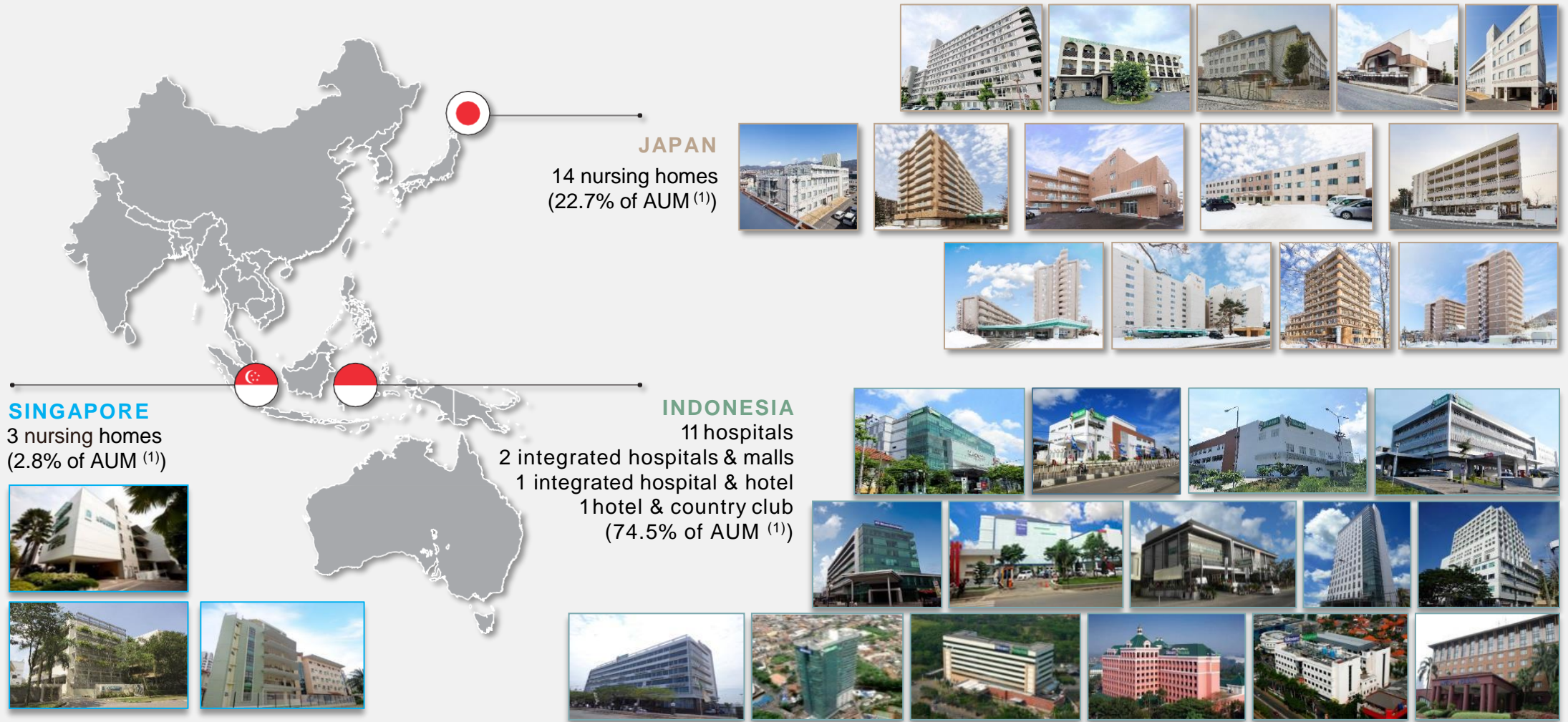
(1) Listed on SGX-ST in December 2006

(2) Based on appraised values as at 31 December 2023.

(3) As at 31 March 2024, First REIT's Sponsors hold 44.8% of First REIT units and 100% of the Manager, reflecting a strong alignment of interests with Unitholders.

(4) As at 31 March 2024.

FIRST REIT'S \$1.14 BILLION PORTFOLIO CONSISTS OF MAINLY NURSING HOMES IN DEVELOPED MARKETS AND HOSPITALS IN INDONESIA



Note

(1) As at 31 December 2023.

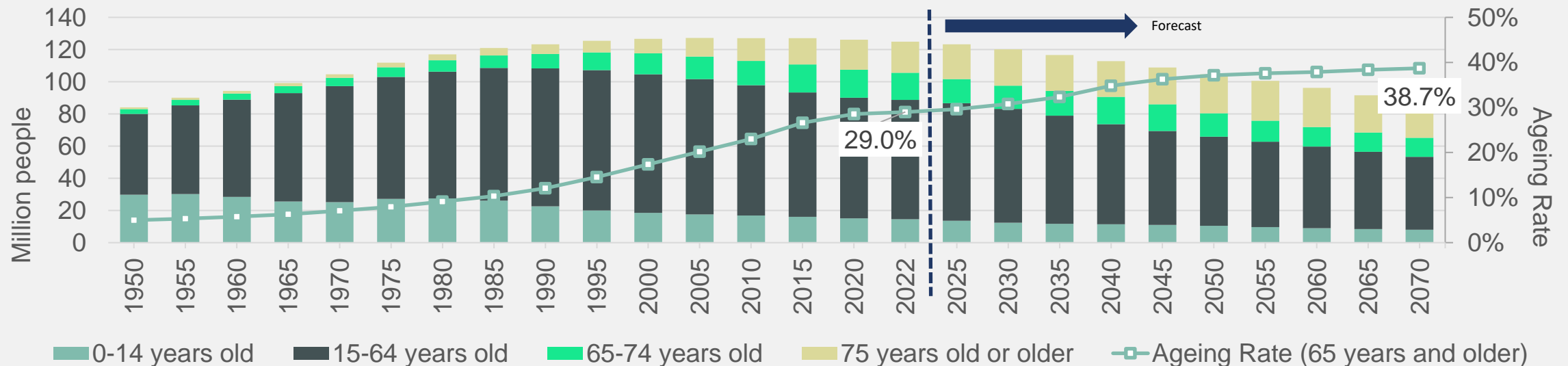
CONTENTS

- INTRODUCTION
- **HEALTHCARE REAL ESTATE INDUSTRY**
 - JAPAN
 - SINGAPORE
 - INDONESIA
- CAPTURING OPPORTUNITIES WITH FIRST REIT

AN AGEING POPULATION IN JAPAN...

- The number of people aged 65 and over is projected to continue increasing, attributed to factors such as improved nutrition, advanced medical and pharmacological technologies.
- Hence, demand for healthcare facilities are expected to increase for some time to come.

DEMOGRAPHIC TRENDS BY AGE IN JAPAN (1950 TO 2070) ⁽¹⁾



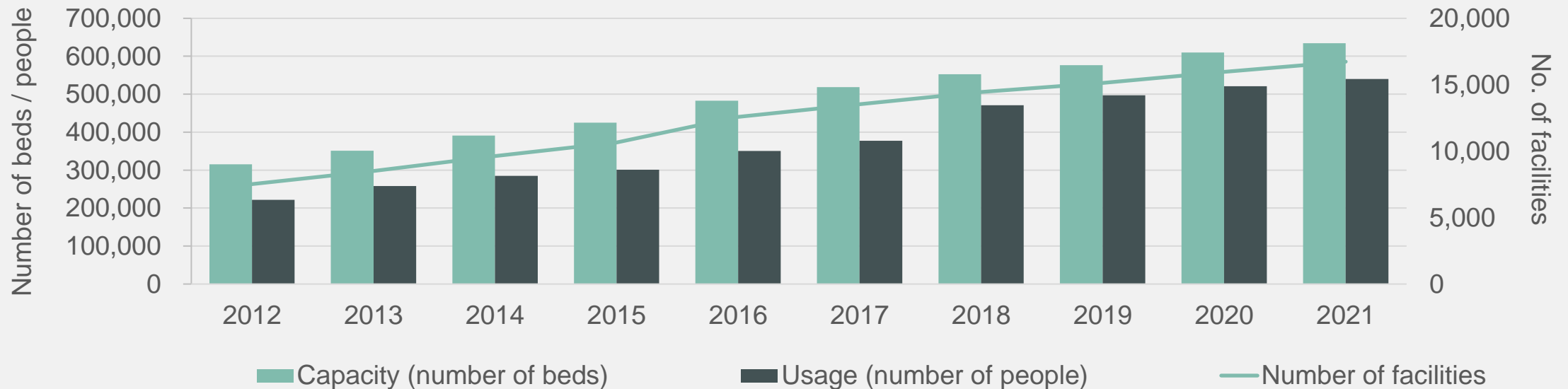
Source

(1) CBRE Japan, Cabinet Office "Annual Report on the Ageing Society"

...LEADS TO GROWING DEMAND FOR NURSING HOMES

- Based on the latest information by the Ministry of Labour, Health and Welfare, in 2021, there were 16,724 facilities in Japan with a capacity of about 634,400 beds.
- This translated to a 33.0% and 31.4% increase over a 5-year period respectively since 2016, and is in line with the increasing senior population and the government's efforts to improve elderly care.

NURSING HOMES' FACILITIES, CAPACITY AND USAGE (1)



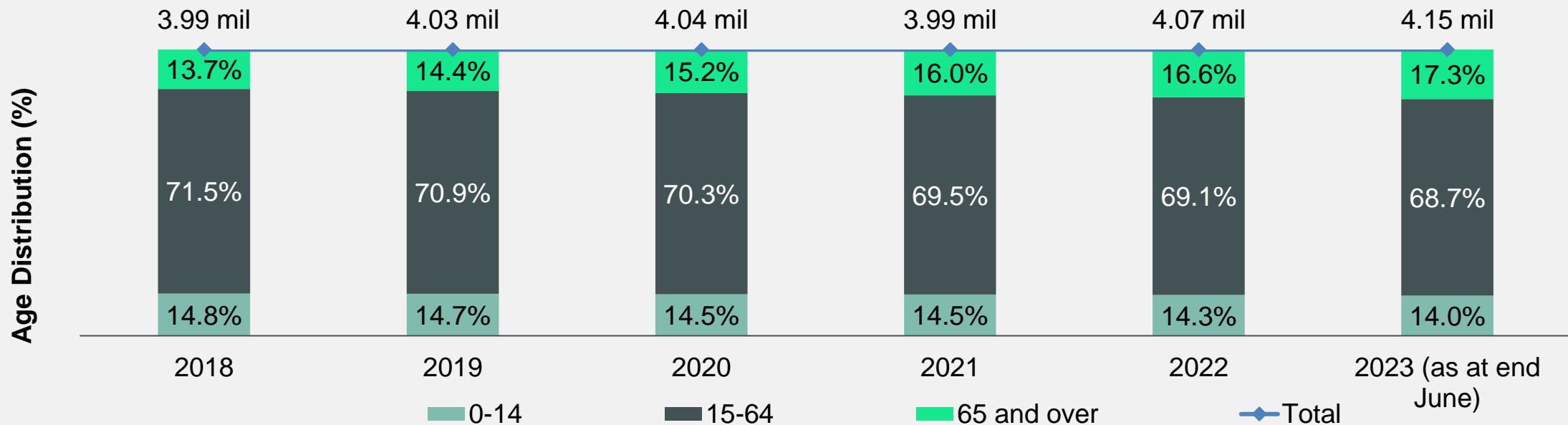
Source

(1) CBRE Japan, Ministry of Health, Labour and Welfare, Survey of Social Welfare Facilities

SINGAPORE'S RAPIDLY-AGEING POPULATION

- As at end June 2023, those aged 65 and above formed 17.3% of Singapore's population, up from 13.7% in 2018. This is projected to rise to 25% by 2030.
- As Singapore's population ages, there is an increasing need to strengthen the healthcare system to meet increasing demand from an ageing population.

RESIDENT POPULATION BY AGE DISTRIBUTION ⁽¹⁾



Source

(1) CBRE Singapore, SingStats

DEMAND FOR NURSING HOMES IN SINGAPORE EXPECTED TO RISE

- Nursing Homes in Singapore was one of the fastest growing health facility category from 2018 to 2022, increasing by 11 facilities over the period.
- This is unsurprising given Ministry of Health’s goal of almost doubling the number of nursing home beds to 31,000 by 2030 from 16,200 beds in 2020.

OVERALL HEALTHCARE FACILITIES (2018 TO 2022) ⁽¹⁾

Healthcare Facilities	2018	2019	2020	2021	2022	CAGR
Hospitals (including Acute, Psychiatric, Community)	28	29	36	37	37	7.22%
Nursing Homes	72	77	77	80	83	3.62%
Polyclinics	20	20	20	23	23	3.56%
Private-General Practitioner Clinics	2,222	2,304	2,343	2,410	2,481	2.79%
Dental Clinics	1,122	1,097	1,107	1,147	1,204	1.78%
Pharmacies	258	256	259	261	251	

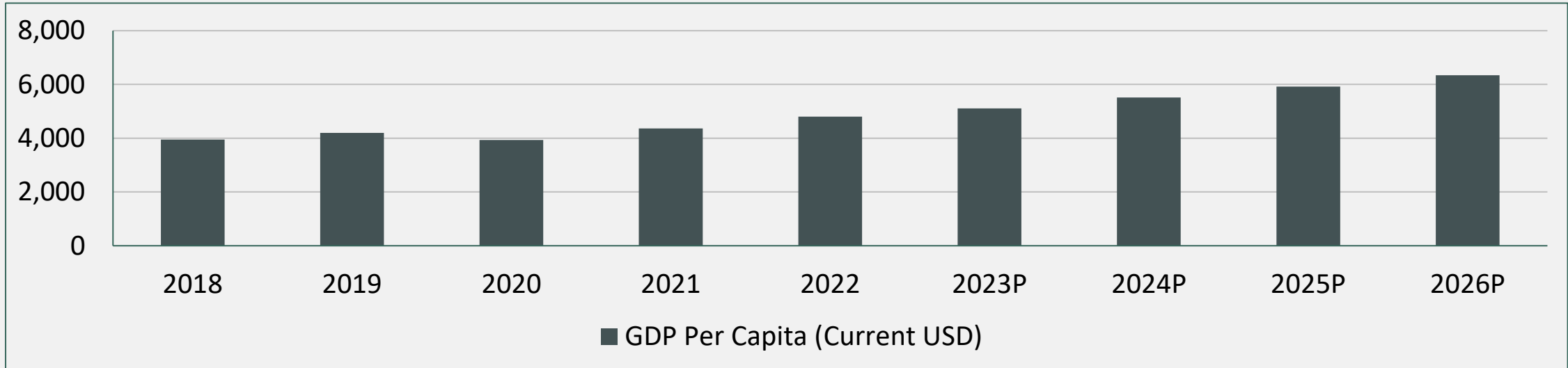
Source

(1) CBRE Singapore, Ministry of Health

GROWING AFFLUENCE IN INDONESIA

- According to CBRE, the middle class has been a major driver of economic growth as the group's consumption has grown at 12% annually since 2002 and represents close to half of all household consumption in Indonesia, which includes healthcare.
- It was also observed that Indonesian patients who can afford to do so will seek medical services in premium international scale hospitals or even travel overseas for medical services.

INDONESIA'S INCOME PER CAPITA ⁽¹⁾



Source

(1) National Statistic Bureau, World Bank, IMF, PT LEADS Property Services, CBRE

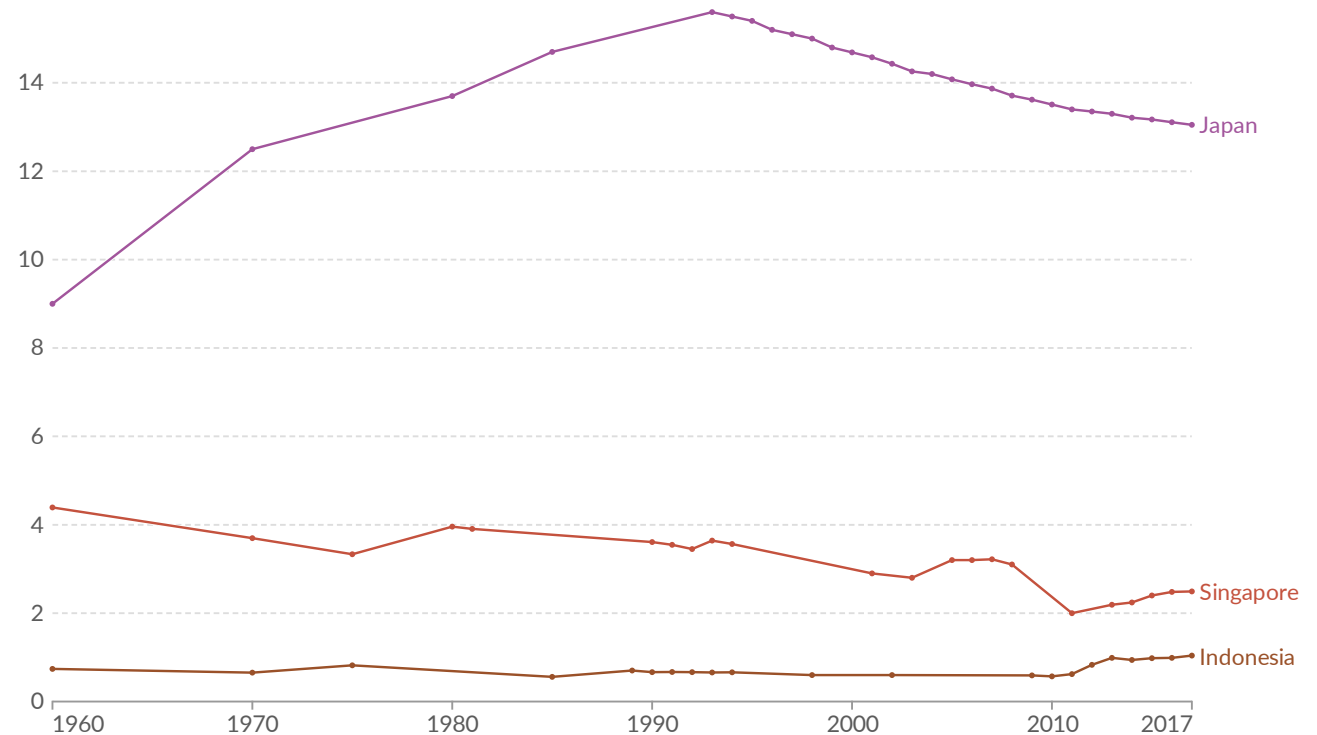
IMPROVING HEALTHCARE INFRASTRUCTURE IN INDONESIA

- Understanding the structural challenges faced by Indonesia's healthcare sector, the government introduced a new set of hospital regulation under the Omnibus Law in 2021 (GR 47 / 2021).
- Private hospitals might turn their single-or-double-bed hospital rooms to standard inpatient wards, due to the implementation of standardised inpatient care for National Health Insurance (JKN) policyholders; Hospital beds per 1,000 people is expected to be at 1.3 after the implementation ⁽¹⁾

Hospital beds per 1,000 people, 1960 to 2017

Our World
in Data

Hospital beds include inpatient beds available in public, private, general, and specialized hospitals and rehabilitation centers. In most cases beds for both acute and chronic care are included.



Data source: World Health Organization via the World Bank

OurWorldInData.org/health-meta | CC BY

Source

(1) The Jakarta Post, 18 June 2024, '[Single inpatient class for Indonesia's National Health Insurance raises concerns of reduced hospital beds](#)'

CONTENTS

- INTRODUCTION
- HEALTHCARE REAL ESTATE INDUSTRY
 - JAPAN
 - SINGAPORE
 - INDONESIA
- **CAPTURING OPPORTUNITIES WITH
FIRST REIT**

HARNESSING SUSTAINABLE GROWTH FROM MASTER LEASES

Healthcare Assets	Indonesia ⁽¹⁾	Singapore	Japan
Rent escalation in local currencies	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Fixed base rental with annual increment of 2%. 	<ul style="list-style-type: none"> Annual rental may be revised upwards upon negotiation every 2 to 3 years for 12 assets, and every 5 years for 2 assets. ⁽²⁾

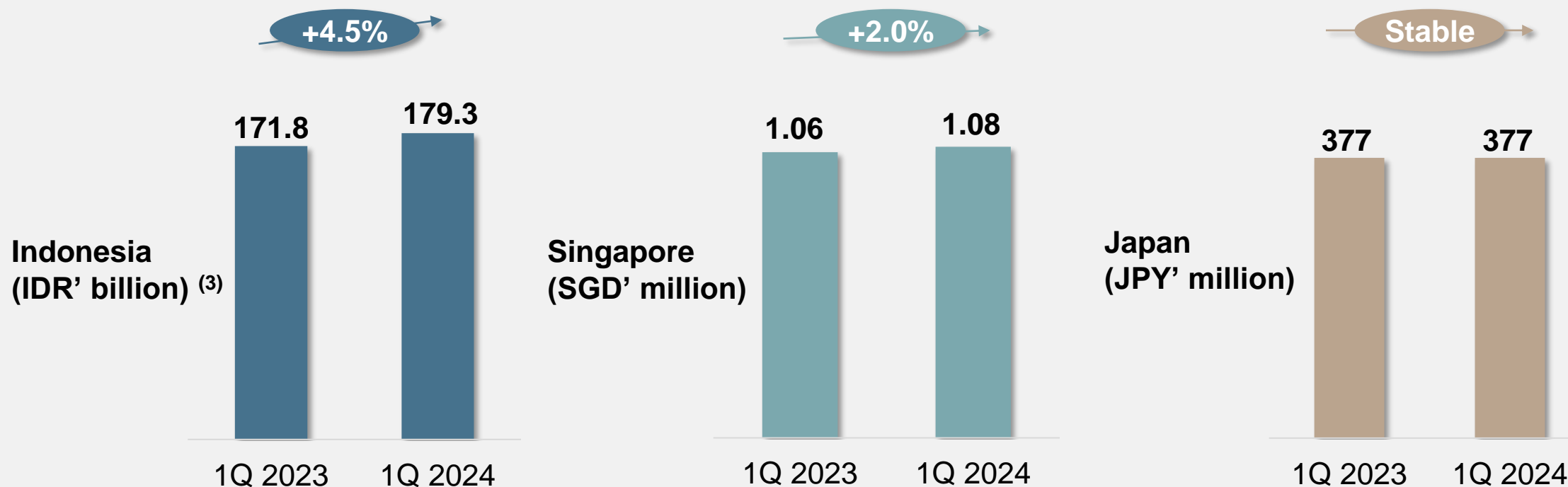
Notes

(1) Excluding Siloam Hospitals Lippo Cikarang, of which rent is denominated in SGD with a fixed base rental, an annual base rental escalation (2x percentage increase of Singapore CPI, capped at 2%), and an additional variable rental growth component that is a function of the year-on-year increase in its gross revenue.

(2) Negotiation based on the increase in Japan's consumer price index and interest rates.

HEALTHY UNDERLYING PERFORMANCE

1Q 2024 Rental and Other Income (In Local Currency) ^{(1), (2)}

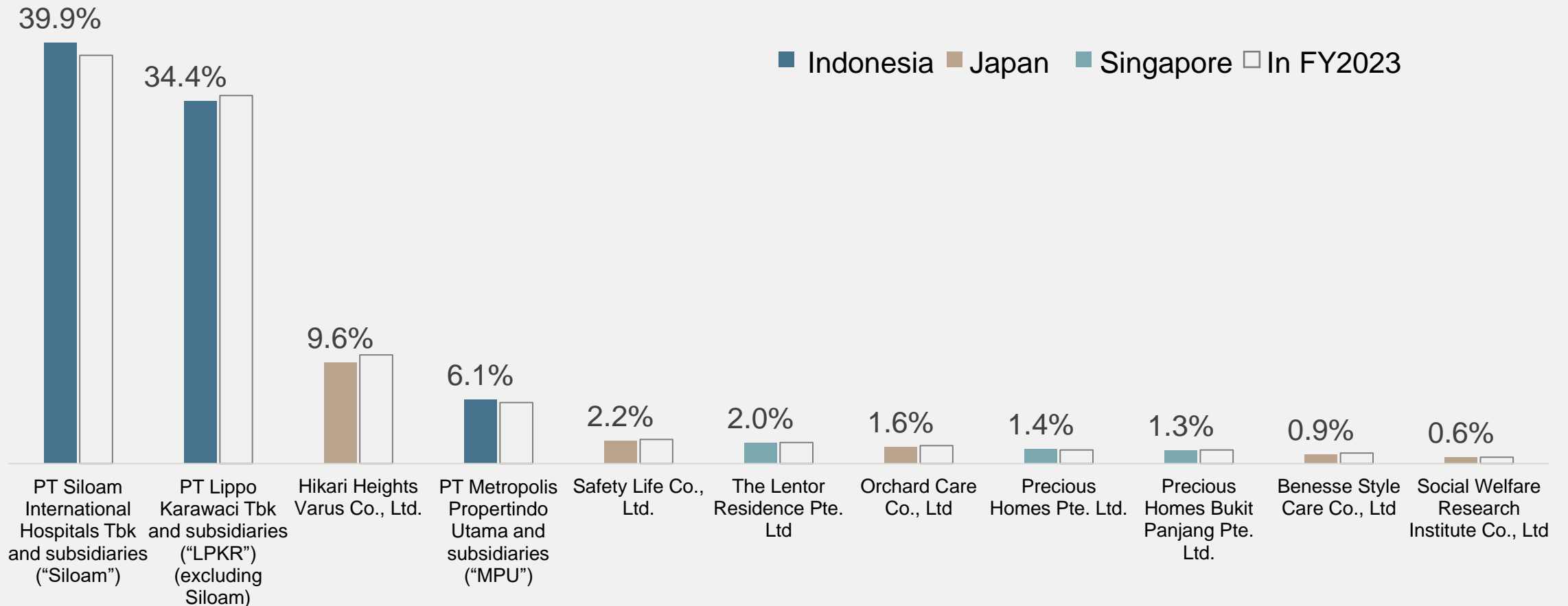


Notes

- (1) Without FRS 116 Adjustment on rental straight-lining.
- (2) Based on average exchange rates, SGD/IDR depreciated 2.4% from 11,494 in 1Q 2023 to 11,765 in 1Q 2024, while SGD/JPY depreciated 12.1% from 99 to 111 over the same period.
- (3) Excluding properties with rent denominated in SGD.

FIRST REIT DERIVES RENTAL INCOME FROM 11 TENANTS ACROSS INDONESIA, JAPAN AND IN SINGAPORE

1Q 2024 Rental Income, by Tenants (1)



Note

(1) Without recognition of FRS 116 rental straight-lining adjustments.

RENTAL INCOME FROM HOSPITALS IN INDONESIA

- Based on the terms of the Tripartite MLAs, from 1 October 2026, PT Siloam International Hospitals Tbk (“**Siloam**”) will pay 6.5% of the Performance-Based Rent, leaving PT Lippo Karawaci Tbk (“**LPKR**”) or PT Metropolis Propertindo Utama (“**MPU**”) to pay the remaining 1.5% of Performance-Based Rent.
- Performance-Based Rent is 8.0% of hospital’s gross operating revenue in the preceding financial year. The percentages represented in this projection assumes that the rentals for each of the Tripartite MLAs beyond year 2026 are calculated based on the performance-based rent of 8.0% of each hospital’s preceding year’s GOR.

Rental Income From Hospitals In Indonesia ⁽¹⁾



Note

(1) Without recognition of FRS 116 rental straight-lining adjustments.

KEY FINANCIALS IN 1Q 2024

- 1Q 2024 financial results were impacted by stronger Singapore Dollar against the Indonesia Rupiah and the Japanese Yen ⁽³⁾, offset by higher rental income from assets in Indonesia and in Singapore as well as stable rental income from assets in Japan.
- Distributable Amount and DPU were also impacted by rising interest rates, with cost of debt of 5.0% in 1Q 2024 (1Q 2023: 4.7%; FY 2023: 5.0%).

Rental and
Other Income ⁽¹⁾

**S\$26.1
million**

-2.7% YoY

Net Property and
Other Income ⁽²⁾

**S\$25.3
million**

-2.1% YoY

Distributable
Amount

**S\$12.4
million**

-2.2% YoY

Distribution
Per Unit

**0.60
cent**

-0.02 cent

Notes

(1) Without FRS 116 Adjustment on rental straight-lining, Rental and Other Income decreased 0.8% YoY to S\$22.9 million in 1Q 2024.

(2) Without FRS 116 Adjustment on rental straight-lining, Net Property and Other Income remained stable YoY at S\$22.1 million in 1Q 2024.

(3) Based on average exchange rates, SGD/IDR depreciated 2.4% from 11,494 in 1Q 2023 to 11,765 in 1Q 2024, while SGD/JPY depreciated 12.1% from 99 to 111 over the same period.

HEALTHY BALANCE SHEET AND FINANCIAL RATIOS

	As at 31 December 2023	As at 31 March 2024
Total Assets ⁽¹⁾	S\$1,187.3 million	S\$1,170.2 million
Total issued and issuable units	2,076.9 million	2,081.5 million
NAV/Unit	30.18 cents	29.48 cents
Total Debt ^{(1), (2)}	S\$458.9 million	S\$454.6 million
% Debt, Fixed Rates or Hedged	87.2%	87.1%
All-in Cost of Debt Per Annum	5.0%	5.0%
Gearing Ratio ⁽³⁾	38.7%	38.8%
Interest Coverage Ratio ⁽⁴⁾	4.1 times	4.0 times

Notes

(1) Based on end of period exchange rates, SGD/IDR depreciated from 11,627 as at 31 December 2023 to 11,765 as at 31 March 2023, while SGD/JPY depreciated from 109 to 112 over the same period.

(2) Total debt before transaction costs.

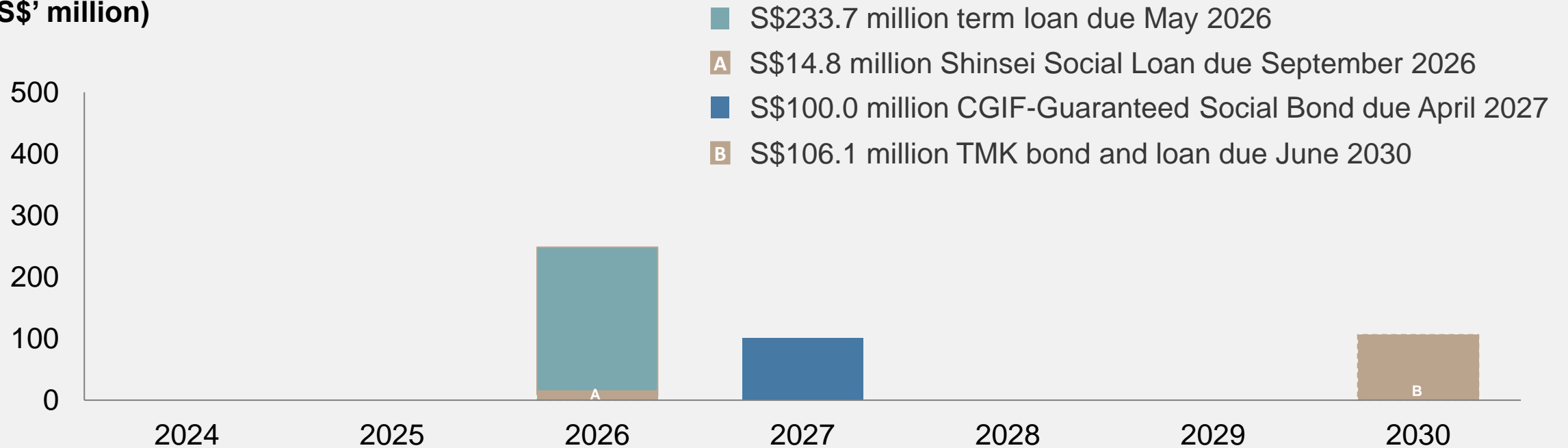
(3) Computed based on gross debt to deposited property.

(4) Adjusted interest cover ratio, including distribution to perpetual securities holders, is 3.9 times as at 31 December 2023 and 3.7 times as at 31 March 2024.

DEBT MATURITY PROFILE

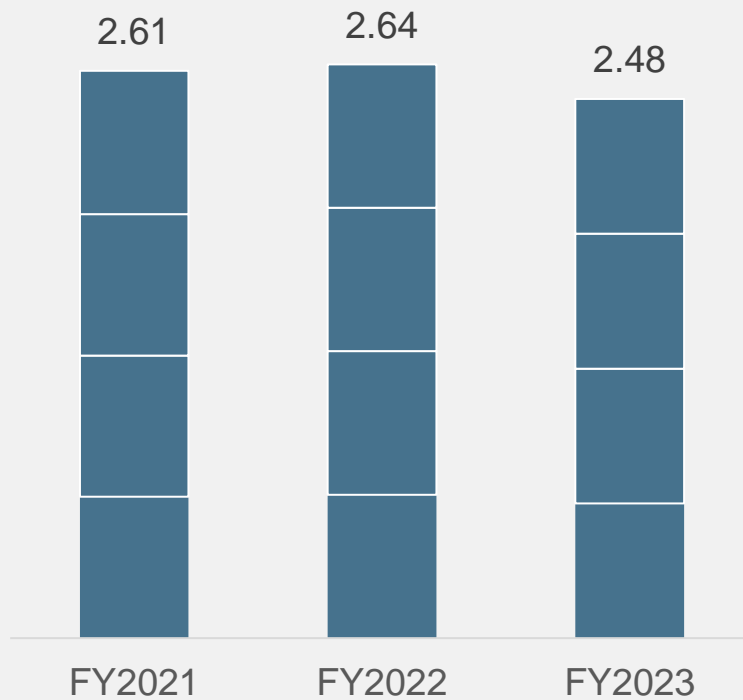
- ☑ No refinancing requirements until May 2026.
- ☑ Weighted average term to maturity: 3.3 years as at 31 March 2024 (3.6 years as at 31 December 2023).
- ☑ Debt comprises 73.4% offshore borrowings in SGD and 26.6% onshore borrowings in JPY.

(S\$' million)

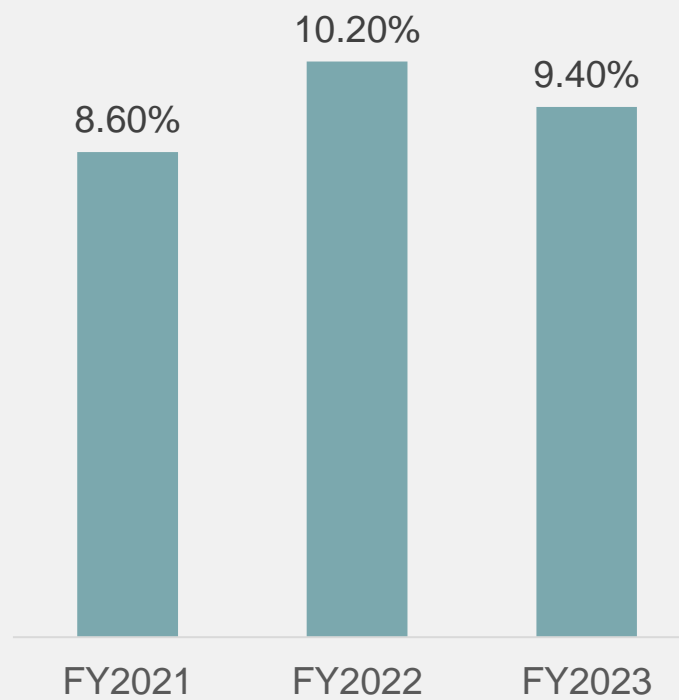


QUARTERLY PAYOUT, ATTRACTIVE YIELD & UNDEMANDING VALUATIONS

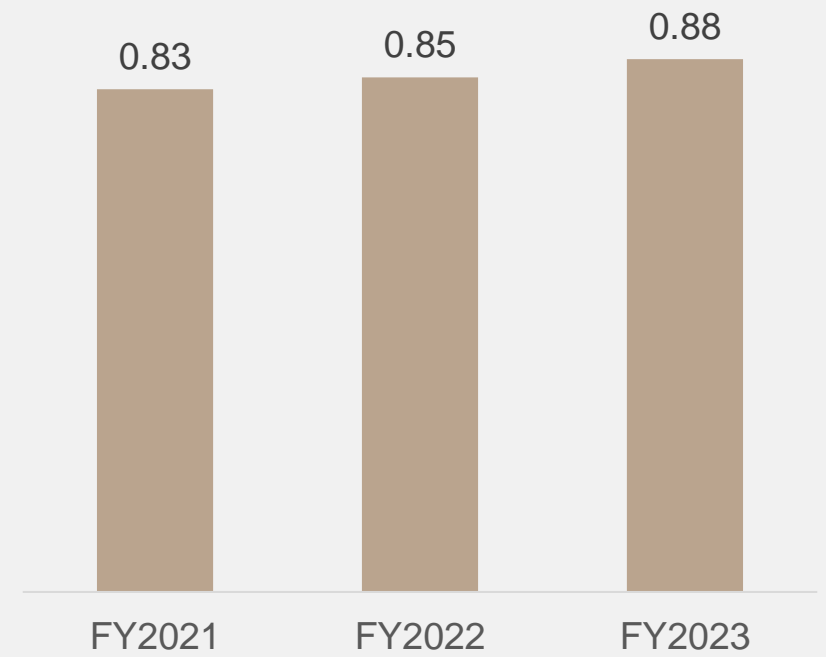
**Distribution Per Unit (“DPU”)
(SGD cents) ⁽¹⁾**



DPU Yield ⁽¹⁾



Price-to-book ratio (times) ⁽¹⁾



Notes

(1) As at 31 December

1

Diversify into Developed Markets

Increase portfolio in developed markets to >50% of AUM by FY2027

25.5% of AUM in developed markets as at 31st December 2023

2

Reshape Portfolio for Capital Efficient Growth

Recycle capital from non-core, or mature assets

Completed divestment of Siloam Hospitals Surabaya in September 2022

Identified IAHCC ⁽¹⁾ as a non-core asset which is being marketed for divestment

3

Strengthen Capital Structure to Remain Resilient

Diversify funding sources, continue to optimise financial position

Successfully priced Singapore's first healthcare social bond in April 2022

No refinancing requirements until May 2026

4

Continue to Pivot to Ride Megatrends

Improve ESG, ride on opportunities in ageing demographics and under-penetrated healthcare sector

Completed committed energy-efficient CAPEX in FY2023 of over S\$1.12 million



First REIT 2.0 Growth Strategy:
www.first-reit.com/about-growth-strategy.html

Note

(1) Imperial Aryaduta Hotel & Country Club.

THANK YOU



FIRST REIT MANAGEMENT LIMITED

Address: 333 Orchard Road #33-02 Hilton Singapore Orchard, Singapore 238867

Website: www.first-reit.com

LinkedIn: www.linkedin.com/company/first-reit

Email: ir@first-reit.com

Tel: (65) 6435 0168

INVEST FAIR
by AlphaInvest

22 & 23 | **10 - 9**
June 2024 | am pm

MIDVALLEY
Exhibition Centre Hall 1

Visit our
BOOTH
120

FIRST REIT
ASIA'S PREMIER HEALTHCARE TRUST

Organizers
SHAREINVESTOR
An AlphaInvest Company

InvestingNote
By AlphaInvest

Supporting partners
BURSA MALAYSIA

KWSP EPF

CFA Society Malaysia

FIMM
Federation of Investment Managers Malaysia