First REIT

(SGX: AW9U)

DPU lower on Rupiah and Yen depreciation

- **Lower distribution per unit (DPU).** First REIT reported 4Q25 DPU of 0.52 Singapore cents, unchanged from the preceding quarter. For 2H2025, DPU of 1.04 Singapore cents declined 10.3% YoY (2H2024: S$ 1.16 cents). The weaker full-year DPU was driven mainly by FX translation effects, as distributions from Indonesia (IDR) and Japan (JPY) translated into fewer Singapore dollars amid currency weakness. This was compounded by a 0.8% increase in units entitled to distribution from the issuance of units for management and divestment fees, which diluted DPU marginally.
- **Higher rental income from healthcare assets in Indonesia and Singapore.** In FY2025, rental and other income rose by 5.1% in Indonesia and 2.0% in Singapore (local currency terms), while Japan rental income was stable (local currency terms). In Indonesia, 10 hospitals recorded a built-in rental increment of 4.5% in local currency terms. In addition, 3 hospitals achieved a performance-based rent pegged at 8.0% of each hospital's gross operating revenue (in local currency terms) for the preceding financial year. Separately, one hospital increased its rental income by 2.0% in SGD terms.
- **2H25 distributable amount fell 9.3% year-on-year.** 2H25 distributable amount fell more meaningfully by 9.3% YoY to S$22.0 million (2H2024: S$24.3 million), reflecting FX translation drag and the impact of the divestment of Imperial Aryaduta Hotel & Country Club.
- **Updates on rental arrears from PT Metropolis Propertindo Utama (MPU).** As at 31 Dec 2025, rental outstanding from PT MPU amounted to approximately S$6.9 million, comprising around S$3.3 million relating to the mall and S$3.5 million relating to hospitals, with rents payable quarterly in advance. In January 2026, the Manager received approximately S$1.5m of subsequent receipts toward these arrears. The Manager continues to engage closely with PT MPU, while Siloam's rental deposits remain sufficient to cover the arrears related to its hospital master leases.
- **Near-term refinancing a key focus.** Management noted that it is in discussions with lenders to extend and refinance loans due in 2026. On capital structure, the Manager completed the redemption of S$33.3 million of fixed-rate subordinated perpetual securities in January 2026, consistent with efforts to strengthen the Trust's funding profile. On FX risk management, the Trust has entered into non-deliverable forward contracts to manage currency exposure from Indonesia and Japan.
- **Maintain NEUTRAL.** First REIT highlights that global economic momentum is weakening amid continued divergence across regions and expects currency weakness in Indonesia and Japan likely to persist. First REIT currently trades at 8.0% dividend yield. We maintain our NEUTRAL view and target price at S$0.25.

Ticker	AW9U
Rating	Neutral
Price Target*	S$0.25
Price (6 Feb)	S$0.27
Upside/Downside:	-7.4%
52-week range	S$0.231 - 0.285
Market Cap	S$570M

*Target price is for 12 months

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Figure 1: First REIT FY25 results summary

(S$' million)	2H 2025	2H 2024	Change (% YoY)
Rental and other income	50.1	50.2	-0.3%
Net property and other income	48.4	48.2	0.5%
Distributable amount	22.0	24.3	-9.3%
Distribution per Unit (cents)	1.04	1.16	-10.3%

Source: Company data, Beansprout Research

Figure 2: First REIT balance sheet summary

	As of 31 Dec 2025	As of 30 Sep 2025
Total Debt	S$458.0 million	S$463.6 million
Gearing ratio	42.1%	41.4%
All-in cost of debt per annum	4.5%	4.6%
Interest coverage ratio	3.7x	3.8x
% debt, fixed rates or hedged	46.1%	49.5%
Weighted average term to maturity	1.5 years	1.7 years

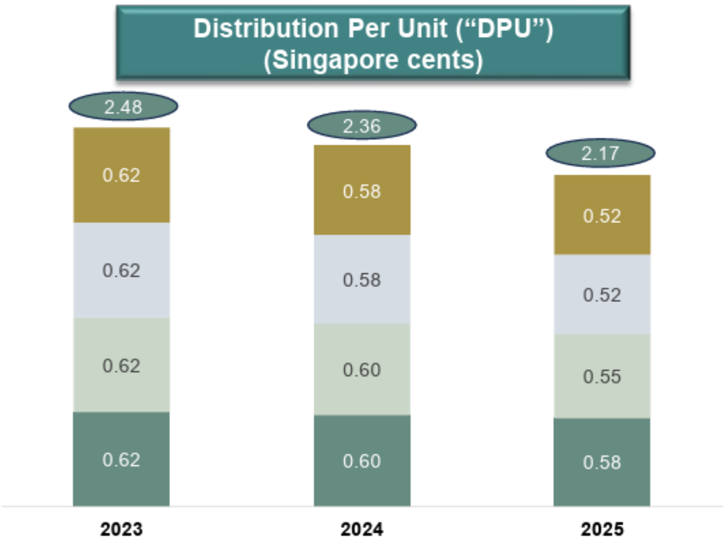
Source: Company data, Beansprout Research

2H2025 DPU down 10.3%

First REIT reported 4Q25 DPU of 0.52 Singapore cents, unchanged from the preceding quarter. For 2H2025, DPU of 1.04 Singapore cents declined 10.3% YoY (2H2024: S$ 1.16 cents). The weaker full-year DPU was driven mainly by FX translation effects, as distributions from Indonesia (IDR) and Japan (JPY) translated into fewer Singapore dollars amid currency weakness. This was compounded by a 0.8% increase in units entitled to distribution from the issuance of units for management and divestment fees, which diluted DPU marginally.

Figure 3: Delivering quarterly distribution

DISTRIBUTION YIELD OF 7.9% AT 31 DECEMBER 2025 (1)



FY 2025 Distribution Details	
Last trading day quoted on a "cum" distribution basis	**15 February 2026**
Ex-distribution date	**16 February 2026 at 9.00 am**
Book Closure Date	**19 February 2026 at 5.00 pm**
Distribution Payment Date	**30 March 2026**

Note
(1) Distribution yield computed based on full year DPU of 2.17 Singapore cents and closing price of 27.5 Singapore cents as at 31 December 2025.

Source: Company data

At the headline level, rental and other income declined 0.3% YoY to S$50.1 million in 2H2025 from S$50.2 million in 2H2024, while net property and other income was up 0.5% YoY to S$48.4 million (2H2024: S$48.2 million). Distributable amount fell more meaningfully by 9.3% YoY to S$22.0 million (2H2024: S$24.3 million), reflecting FX translation drag and the impact of the divestment of Imperial Aryaduta Hotel & Country Club.

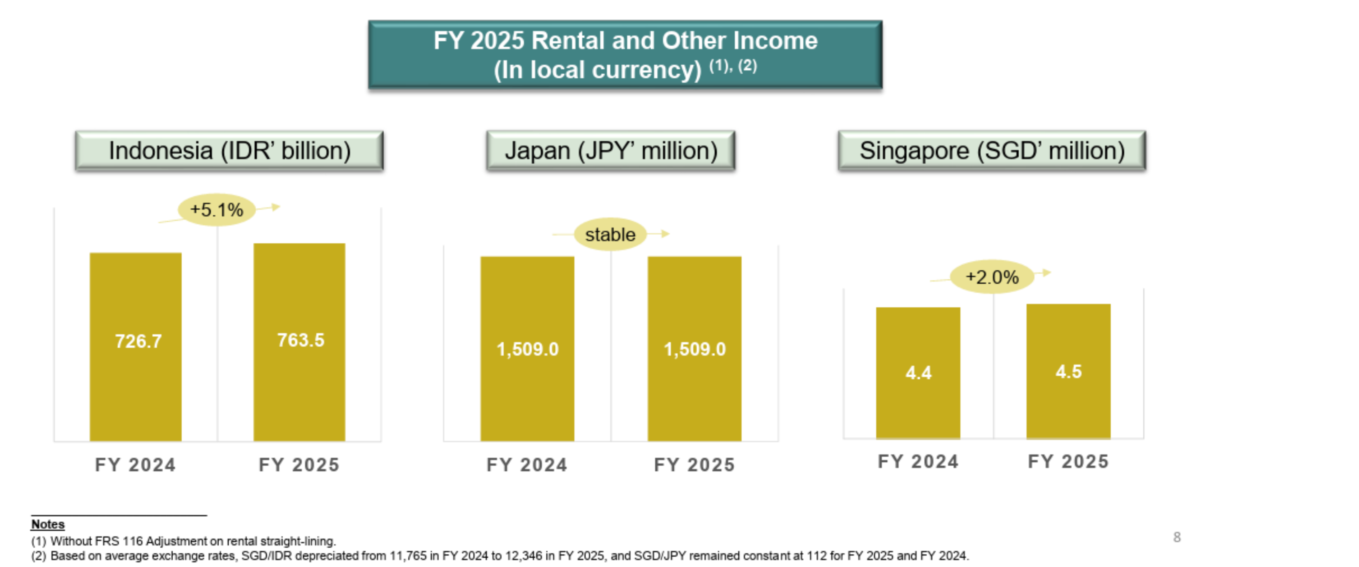
Underlying operating performance remained resilient

Despite softer reported SGD numbers, underlying performance in local currency terms remained resilient. Management highlighted that FY2025 rental and other income rose by 5.1% in Indonesia and 2.0% in Singapore (local currency terms), while Japan rental income was stable (local currency terms). This reflects the portfolio's defensive healthcare profile and contracted rental structures.

In Indonesia, 10 hospitals recorded a built-in rental increment of 4.5% in local currency terms. In addition, 3 hospitals achieved a performance-based rent pegged at 8.0% of each hospital's gross operating revenue (in local currency terms) for the preceding financial year. Separately, one hospital increased its rental income by 2.0% in SGD terms. In Singapore, the Trust's three nursing homes delivered 2.0% rental growth in

SGD terms, while the 14 nursing homes in Japan maintained stable rental income in JPY terms.

Figure 4: Resilient rental from healthcare assets

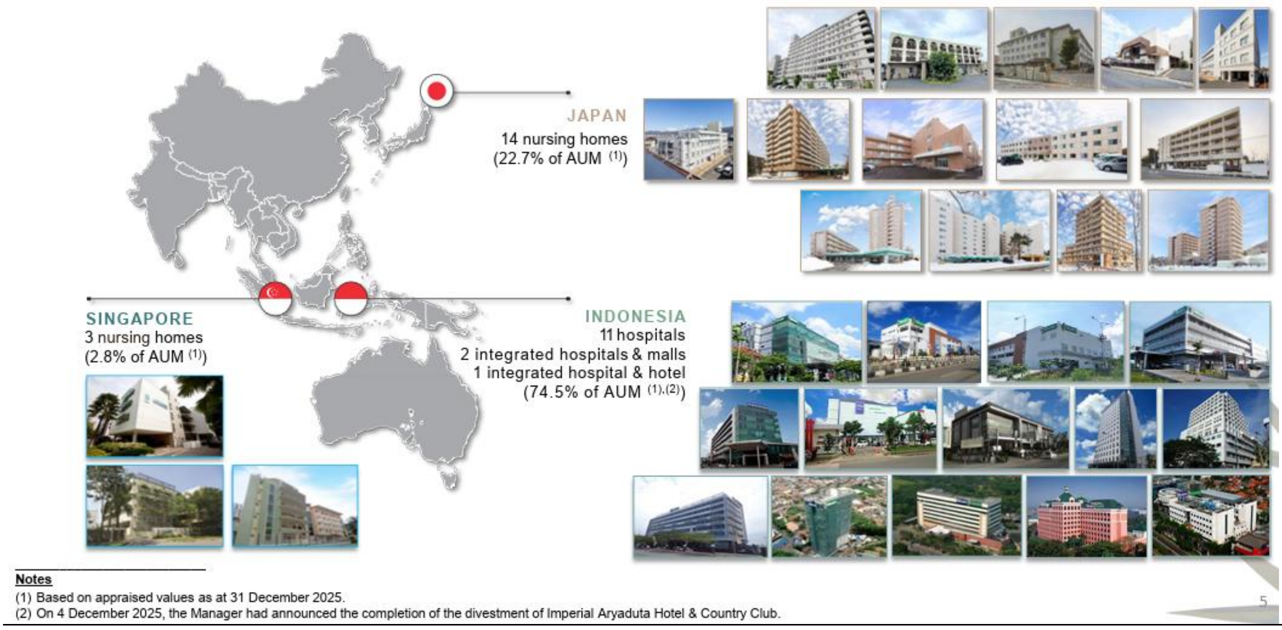


Source: Company data

Portfolio valuation declined in SGD terms

As at 31 Dec 2025, First REIT's portfolio was valued at S$1,022.6 million, representing a 6.2% YoY decline in Singapore dollar terms. By geography, the portfolio was valued at S$762.0 million in Indonesia excluding the disposed Imperial Aryaduta Hotel & Country Club (-6.2% YoY), S$232.0m in Japan (-6.4% YoY), and S$28.7 million in Singapore (-5.8% YoY). Management attributed the decline primarily to the weakening of IDR and JPY against SGD, partially offset by an increase in Indonesia property valuations in local currency terms.

Figure 5: 31 assets across Asia with assets under management of S$1.02 billion



Source: Company data

The local-currency picture was notably more stable. Indonesia's portfolio valuation rose +1.4% YoY to IDR 8,800.2 billion, supported by broad-based improvements in rents in local currency terms. Japan's portfolio valuation was broadly steady at JPY 27.9 billion (-0.7% YoY). Portfolio valuations were derived using a discounted cash flow methodology, with management noting that Singapore's valuation eased mainly due to decreasing land tenure.

Figure 6: Resilient rental from healthcare assets

	In Singapore Dollars		In Local Currency	
(S$'million)	As at 31 December 2025 (3)	Y-O-Y change	As at 31 December 2025	Y-O-Y change
Indonesia	762.0	(6.2%) (1)	IDR 8,800.2 billion	1.4% (1),(2)
Japan	232.0	(6.4%)	JPY 27.9 billion	(0.7%)
Singapore	28.7	(5.8%)		
Total	**1,022.6**	**(6.2%)**		

- Valuation derived using discounted cash flow methodology:
  - Indonesia Portfolio's valuation increased marginally due to broad-based increase in rent in local currency terms
  - Japan Portfolio's valuation held steady in local currency terms
  - Singapore Portfolio's valuation declined due to a decreasing land tenure

Notes

(1) Year-on-year ("**Y-O-Y**") change has been computed on a like-for-like basis to exclude Imperial Aryaduta Hotel & Country Club, which was divested in December 2025.

(2) Annual change in local currency terms excludes properties that contribute rental income denominated in SGD: Siloam Hospitals Lippo Cikarang, Hotel Aryaduta Manado, Lippo Plaza Kupang, and Lippo Plaza Baubau.

(3) Summation differences during to rounding.

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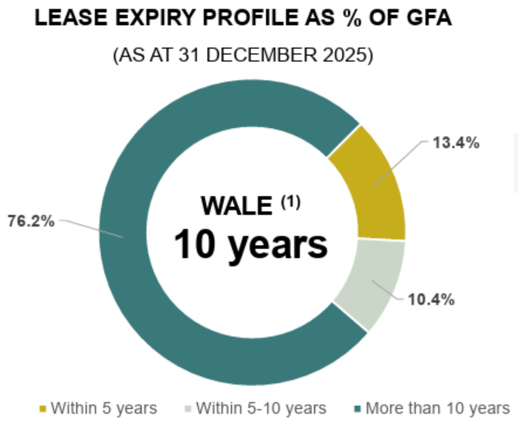
Source: Company data

Stable portfolio

First REIT's lease profile remains defensive with a weighted average lease expiry (WALE) of 10 years (as at 31 Dec 2025). Only 13.4% of gross floor area expires within the next 5 years, with 10.4% in 5–10 years and 76.2% beyond 10 years. Near-term expiries to monitor include Siloam Hospitals Lippo Cikarang (Jun 2026), followed by several assets in 2027 (Precious Homes Bukit Merah/Bukit Panjang, Bon Séjour Komaki, The Lentor Residence, Hotel Aryaduta Manado), and Lippo Plaza Kupang (Dec 2030).

Tenant diversification is supported by 11 tenants, but rental income is concentrated: Siloam (44.3%) and Lippo Karawaci (30.7%) together contribute ~75% of FY25 rental income. Next largest tenants are Hikari Heights (9.3%) and PT Metropolis Propertindo Utama (5.7%), with the remainder in low single digits.

Figure 7: Lease expiry profile



Lease Expiry within 5 Years	
Property	Expiry
Siloam Hospitals Lippo Cikarang (2)	Jun 2026
Precious Homes @ Bukit Merah	Apr 2027
Precious Homes @ Bukit Panjang	Apr 2027
Medical Rehabilitation Home Bon Séjour Komaki	May 2027
The Lentor Residence	Jun 2027
Hotel Aryaduta Manado	Nov 2027
Lippo Plaza Kupang	Dec 2030

Notes
(1) The WALE is calculated on a gross floor area basis and as at 31 December 2025.
(2) On 27 October 2025, the Manager had announced the short term renewal of the Master Lease Agreement for Siloam Hospitals Lippo Cikarang from 31 December 2025 to 30 June 2026.

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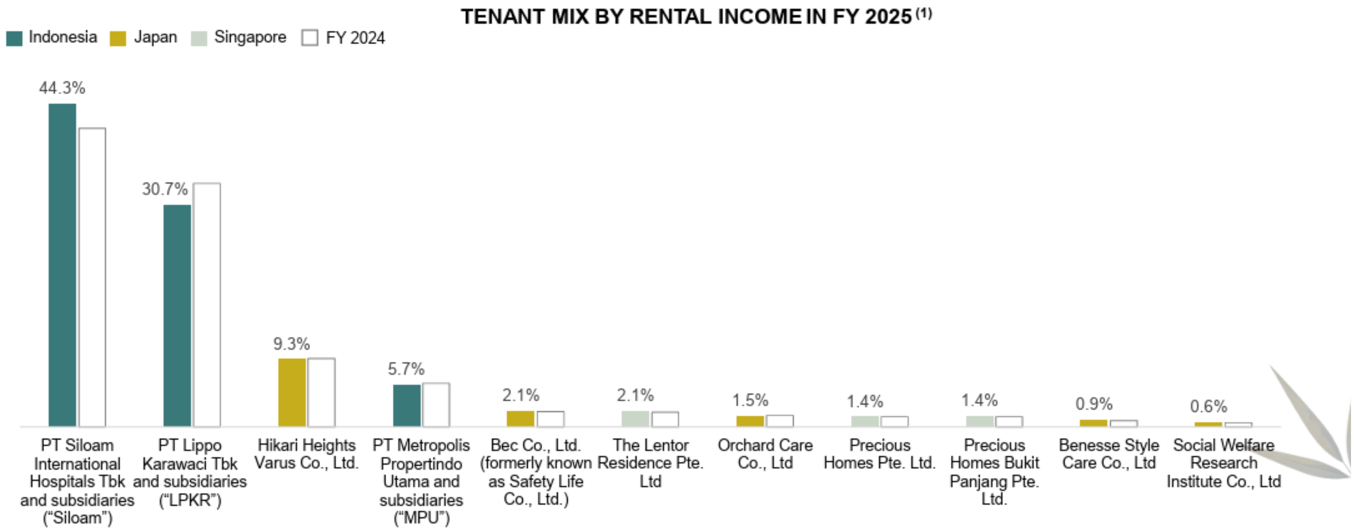
Source: Company data

Figure 8: Diversified tenant base



Notes
(1) Before recognition of FRS 116 rental straight-lining adjustments.
(2) Based on the terms of the Tripartite MLAs, from 1 October 2026, Siloam will pay 6.5% of the preceding year's gross operating revenue ("GOR"), leaving LPKR or MPU to pay 1.5% of the preceding year's GOR. 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.

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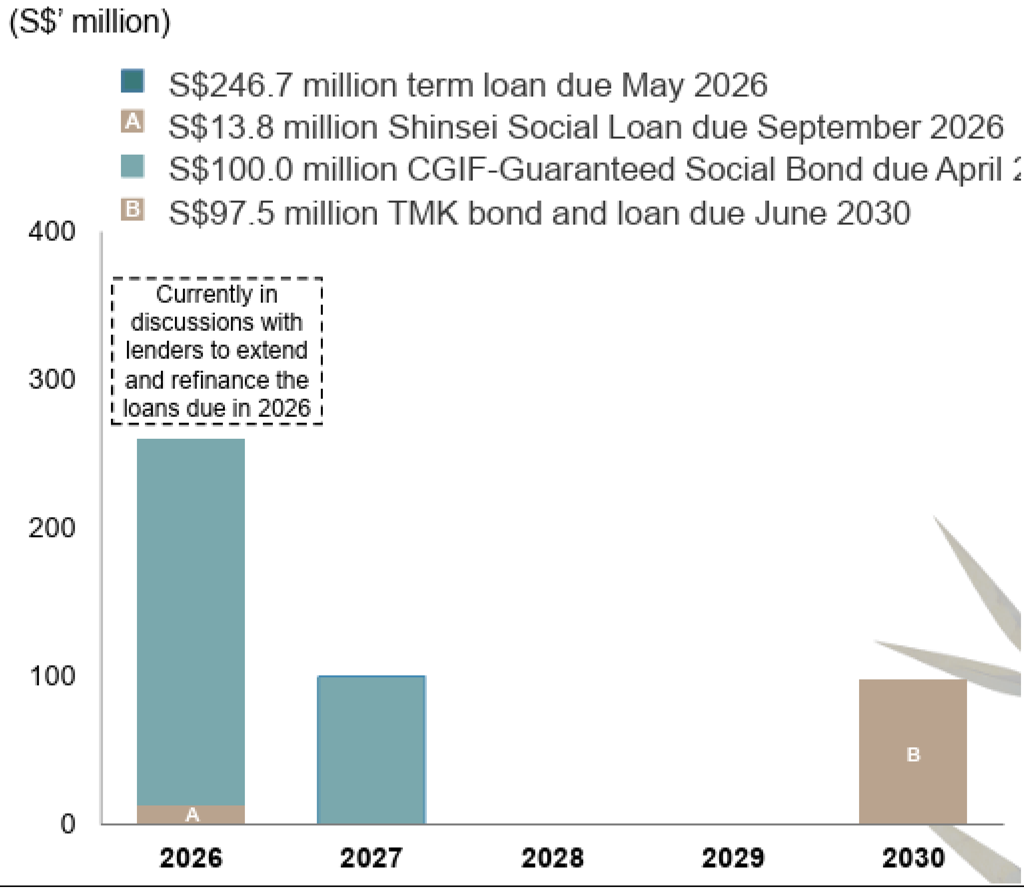
Source: Company data

Refinancing the near-term focus

First REIT continued to prioritise capital management and balance-sheet resilience. As at 31 Dec 2025, gearing rose modestly to 42.1% from 41.4% last quarter, while interest coverage remained broadly stable at 3.7x versus last quarter's 3.8x. The all-in cost of debt continued to improve to 4.5% as of 31 Dec 25, compared to 4.6% in 3Q25 on lower borrowing costs, providing some relief to distributable income. The proportion of debt on fixed rates or hedged stood at 46.1%, indicating partial protection against rate volatility.

A key near-term focus is the 2026 maturity wall. Management noted that it is in discussions with lenders to extend and refinance loans due in 2026. On capital structure, the Manager completed the redemption of S$33.3 million of fixed-rate subordinated perpetual securities in January 2026, consistent with efforts to strengthen the Trust's funding profile. On FX risk management, the Trust has entered into non-deliverable forward contracts to manage currency exposure from Indonesia and Japan.

Figure 6: Debt maturity profile as at 31 December 2025



Source: Company data

Update on PT Metropolis Propertindo Utama rental arrears

A key item to monitor remains rental arrears from PT Metropolis Propertindo Utama (PT MPU). As at 31 Dec 2025, rental outstanding from PT MPU amounted to approximately S$6.9 million, comprising around S$3.3 million relating to the mall and S$3.5 million relating to hospitals, with rents payable quarterly in advance. In January 2026, the Manager received approximately S$1.5m of subsequent receipts toward these arrears.

To provide structural context, First REIT entered into a deed of novation and variation in May 2021 to add PT Siloam International Hospitals Tbk (Siloam) as a joint tenant with PT MPU for the three MPU Hospitals Master Lease Agreements (MLAs). Importantly, management stated that there are no rentals outstanding from Siloam, and Siloam has provided a security deposit of approximately S$3.9 million for its proportion of rent. The Manager continues to engage PT MPU for arrears recovery and rental deposit matters in accordance with the MLA.

Strategic review remains ongoing

Management reiterated that the strategic review remains ongoing, and that the Board is conducting a rigorous process to evaluate options to deliver sustainable long-term value. The scope includes joint ventures, partnerships, asset acquisitions and/or divestments, suggesting that both portfolio actions and capital-structure solutions remain possible.

Cautious outlook with persistent FX volatility

First REIT highlighted that global economic momentum is weakening amid continued divergence across regions. Based on the IMF World Economic Outlook Update (Jan 2026), global growth is projected to remain resilient at 3.3% in 2026 and 3.2% in 2027, but downside risks include geopolitical escalation, structural financial-market weaknesses and elevated public debt levels, which could tighten global financial conditions and increase volatility.

For First REIT, foreign exchange remains the dominant swing factor. Management expects FX markets to stay sensitive to macro conditions, with currency weakness in Indonesia and Japan likely to persist, which could continue to weigh on reported SGD results even if local-currency rental performance stays stable.

Financial Summary

Y/E Dec (S$m)	FY22	FY23	FY24	FY25	FY26E	FY27E
Income Statement						
Revenue	111	109	102	101	98	100
Property expenses	-3	-3	-4	-3	-3	-3
Net property income	109	105	98	97	95	97
Other income	0	1	0	0	0	0
Manager's fees	-9	-9	-9	-9	-9	-8
Other expenses	-5	-6	-8	-22	-6	-6
Change in value of derivatives	-0	-0	0	0	0	0
Change in value of investment properties	-23	11	-10	-4	-11	-11
EBIT	71	101	73	64	70	72
Net finance expenses	-19	-23	-23	-21	-20	-19
Profit before tax	52	78	51	43	50	53
Tax	-18	-15	-14	-14	-9	-9
Minority interests	0	0	0	0	0	0
Profit attributable to owners	34	63	37	29	42	44
Balance sheet						
Assets						
PPE	1,145	1,139	1,118	1,023	956	953
Others	1	0	0	0	0	0
Total non-current assets	1,147	1,139	1,118	1,023	956	953
Cash & cash equivalents	46	40	35	56	52	48
Trade & other receivables	5	6	7	9	9	9
Others	1	1	1	1	1	1
Total current assets	52	48	42	66	62	58
Total assets	1,199	1,187	1,161	1,089	1,018	1,011
Liabilities						
ST borrowings	1	1	1	261	261	261
Trade & other payables	15	12	13	14	14	14
Others	5	4	5	4	4	4
Total current liabilities	21	18	18	279	279	279
LT borrowings	450	449	453	194	194	194
Others	62	61	57	55	55	55
Total non-current liabilities	512	509	510	249	249	249
Total liabilities	533	527	528	528	528	528
EQUITY						
Share Capital	632	627	599	527	527	527
Total equity	632	627	599	527	527	527
Perpetual securities	33	33	33	33	33	33
Total equity and liabilities	1,199	1,187	1,161	1,089	1,088	1,088

Y/E Dec (S$m)	FY22	FY23	FY24	FY25	FY26E	FY27E
Cash Flow						
Operating cash flow						
Pretax profit	52	78	51	43	50	53
Adjustments	27	4	29	32	16	16
Working capital changes	17	-9	-1	3	10	10
Others	-20	-21	-30	-29	-28	-28
Cash flow from operations	77	52	48	49	48	51
Investing cash flow						
CAPEX	-35	-5	-6	-4	-4	-4
Others	43	-0	-0	22	0	0
Cash flow from investments	8	-5	-6	19	-4	-4
Financing cash flow						
Dividends paid	-52	-54	-52	-49	-49	-51
Proceeds from borrowings	-15	2	5	4	0	0
Others	-19	0	0	0	0	0
Cash flow from financing	-86	-51	-47	-45	-49	-51
Net change in cash	-1	-4	-5	23	-4	-4
Beginning cash	51	46	40	34	56	51
Currency translation	-4	-2	-1	-2	0	0
Ending cash	46	40	34	56	51	47
Per share data (S$ cents)						
Book value per unit	31.9	30.3	29.0	25.5	25.5	25.5
Distribution per unit	2.5	2.5	2.4	2.2	2.2	2.3
Earnings per unit	1.7	3.1	1.8	1.4	2.0	2.1
Valuation						
P/E (x)	15.9	8.8	15.2	19.3	13.3	12.7
P/B (x)	0.8	0.9	0.9	1.1	1.1	1.1
EV/NPI (x)	8.7	9.2	9.9	9.8	10.1	10.0
Dividend yield (%)	9.4	9.2	8.7	8.0	8.2	8.5
Ratios						
ROE (%)	5.3	10.1	6.1	5.5	7.9	8.3
ROA (%)	2.8	5.3	3.2	2.7	4.1	4.4
Net gearing (%)	0.61	0.62	0.66	0.71	0.72	0.73
Margins (%)						
EBIT margin	64.2	93.0	71.8	63.9	71.5	72.3
Net margin	30.2	58.3	36.0	28.8	42.8	44.1

Source: Company data, Beansprout research.

Disclosure Appendix

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