

First REIT

(SGX: AW9U)

DPU declines with currency headwinds

- **Lower distribution per unit (DPU).** Distribution per unit (DPU) decreased 5.8% year-on-year to 1.13 cents in 1H 2025, due to weaker Indonesia Rupiah and Japanese Yen against the Singapore Dollar. In addition, the unit base expanded by 0.8% to 2.1 billion units, following the issuance of units as payment for management fee to the Manager.
- **Higher rental income from healthcare assets in Indonesia and Singapore.** In local currency terms, rental income from assets in Indonesia and Singapore grew by 5.5% and 2.0%, respectively, in 1H 2025. However, the improvement was offset by the foreign exchange movements as Indonesia Rupiah depreciated against the Singapore Dollar. Rental and other income declined by 2.9% year-on-year to S\$50.5 million in 1H 2025. Overall portfolio occupancy rate was at 100% as at 30 June 2025, unchanged from 31 March 2025. Weighted average lease expiry (WALE) remained steady, at 10.1 years, compared with 10.3 years as at 31 March 2025.
- **Updates on rental arrears from PT Metropolis Propertindo Utama (MPU).** First REIT collected \$0.9 million from MPU, to offset the outstanding rental amount of \$7.0 million as at 30 June 2025. On a positive note, MPU has provided First REIT with a repayment schedule, providing some clarity this settlement issue.
- **Strategic review of portfolio.** In January, First REIT received a non-binding letter of intent from PT Siloam to acquire the portfolio of hospital assets in Indonesia. Management has started the process to review all available options and aims to deliver long-term sustainable value for unitholders.
- **Lower finance costs.** Due to lower SORA (Singapore Overnight Rate Average), finance costs declined by 3.9% year-on-year to S\$10.9 million in 1H 2025. Cost of debt fell to 4.8% as at 30 Jun 2025, compared with 5.0% as at 31 December 2024. Gearing ratio increased to 41.2% as at 30 June 2025, from 39.6% as at 31 December 2024. This was due to loan drawdown to fund working capital. Total debt was \$466.5 million as at 30 June 2025. Debt profile was stable, with 56.2% of the debt on fixed rate basis as at 30 June 2025, compared with 56.9% as at 31 December 2024.
- **Maintain NEUTRAL.** While the ongoing strategic review may provide potential upside surprise, First REIT may face near term headwinds from Rupiah weakness and risks from MPU arrears. Based on 1H 2025 DPU of 1.13 cents, First REIT offers an annualised distribution yield 8.4%. It currently trades at a price-to-book valuation of 1.0x.

| | |
|-------------------------|----------------|
| Ticker | AW9U |
| Rating | Neutral |
| Price Target* | S\$0.26 |
| Price (30 July) | S\$0.27 |
| Upside/Downside: | -3.7% |
| 52-week range | S\$0.24 - 0.28 |
| Market Cap | S\$568M |

*Target price is for 12 months

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Figure 1: First REIT 1H25 results summary

| (S\$' million) | 1H 2025 | 1H 2024 | Change (% YoY) |
|-------------------------------|---------|---------|----------------|
| Rental and other income | 50.5 | 52.0 | -2.9% |
| Net property and other income | 48.9 | 50.5 | -2.7% |
| Distributable amount | 23.8 | 25.0 | -4.8% |
| Distribution per Unit (cents) | 1.13 | 1.20 | -5.8% |

Source: Company data, Beansprout Research

Figure 2: First REIT balance sheet summary

| | As of 30 June 2025 | As of 31 Mar 2025 |
|-----------------------------------|--------------------|-------------------|
| Total Debt | S\$466.1 million | S\$465.1 million |
| Gearing ratio | 41.2% | 40.7% |
| All-in cost of debt per annum | 4.8% | 4.7% |
| Interest coverage ratio | 3.7x | 3.8x |
| % debt, fixed rates or hedged | 56.2% | 56.7% |
| Weighted average term to maturity | 2.0 years | 2.3 years |

Source: Company data, Beansprout Research

Healthcare REIT with assets mainly in Indonesia

Portfolio overview

Listed on the SGX on 11 December 2006, First REIT is Singapore's first healthcare real estate investment trust (REIT), with a S\$1.12 billion portfolio comprising a diversified mix of 32 income-producing real estate assets across Indonesia, Japan and Singapore which are primarily used for healthcare purposes as of 31 December 2024.

The 32 assets combined have a total Gross Floor Area (GFA) of 450,085 sqm, 6,531 beds/rooms with a 100% committed occupancy.

First REIT's sponsors OUE Limited and OUE Healthcare Limited are also listed on the SGX and hold a combined stake of 45.40% in First REIT units as at 30 June 2025.

Indonesia

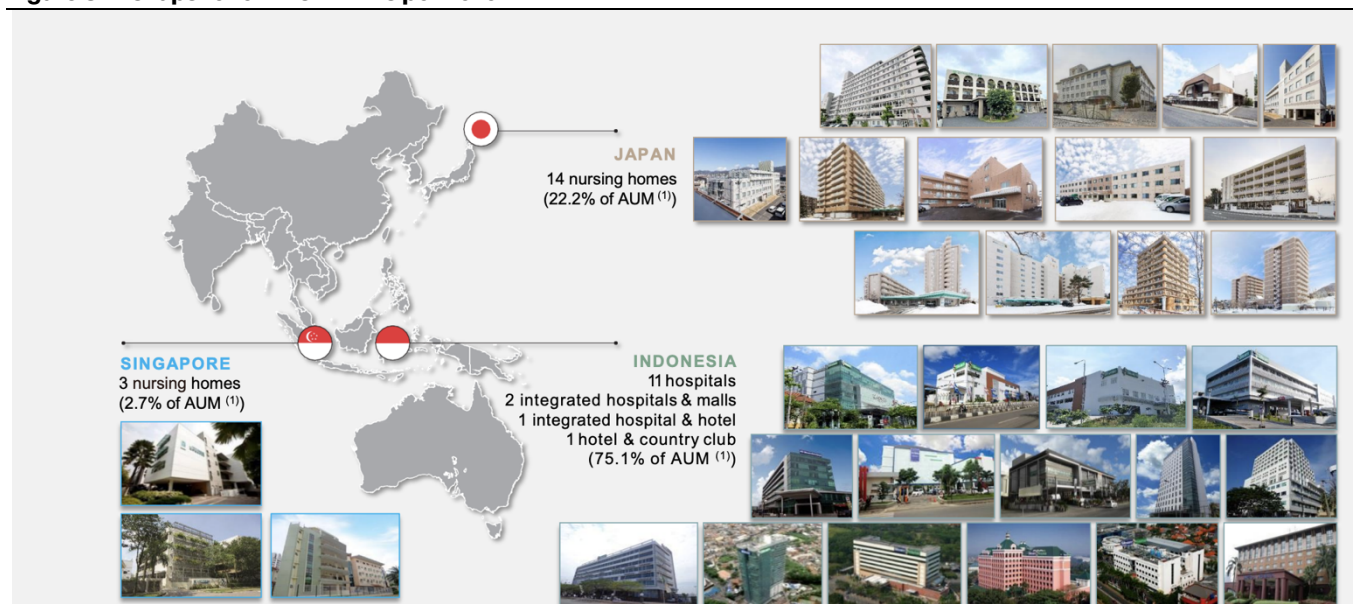
- 15 Properties
- Contribution to Portfolio Value: ~75%
- Asset Types: 11 hospitals, two integrated hospitals & malls, one integrated hospital & hotel and one hotel & country club
- Key Tenants: Siloam International Hospitals and PT Lippo Karawaci Tbk (LPKR)

■ Japan

- 14 Properties
- Contribution to Portfolio Value: ~22%
- Asset Types: Nursing homes catering to the country's aging population.
- Key Tenants: Hikari Heights, various Japanese healthcare operators

■ Singapore

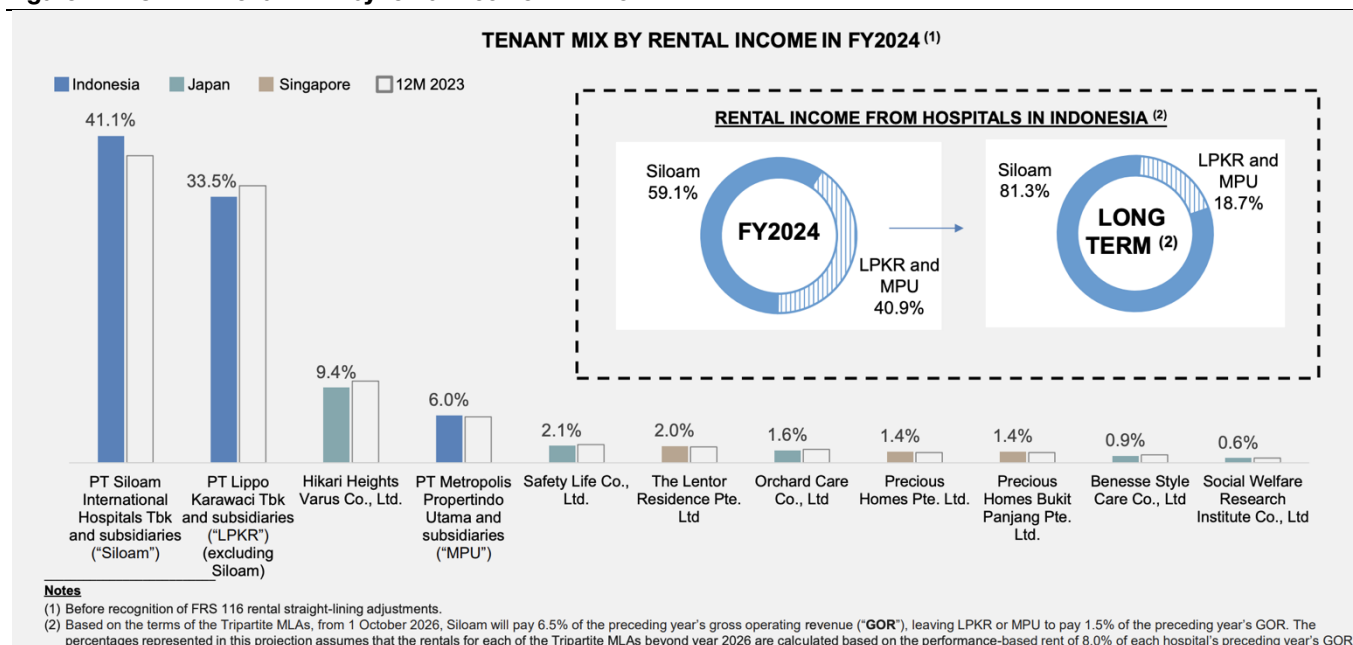
- 3 Properties
- Contribution to Portfolio Value: ~3%
- Asset Types: Nursing homes catering to the elderly population
- Key Tenants: Precious Homes and The Lantor Residence

Figure 3: A snapshot of First REIT's portfolio

Source: Company data as of 31 December 2024

Tenant mix

Siloam International Hospitals and PT Lippo Karawaci Tbk in Indonesia represent the two largest tenants for the REIT, at 41.1% and 33.5% of rental income in FY 2024 respectively. For its hospitals in Indonesia, Siloam currently represent 59.1% of rental income, with the long term plan to increase this to 81.3%. The third largest tenant is Hikari Heights in Japan at 9.4% of FY 2024 rental income.

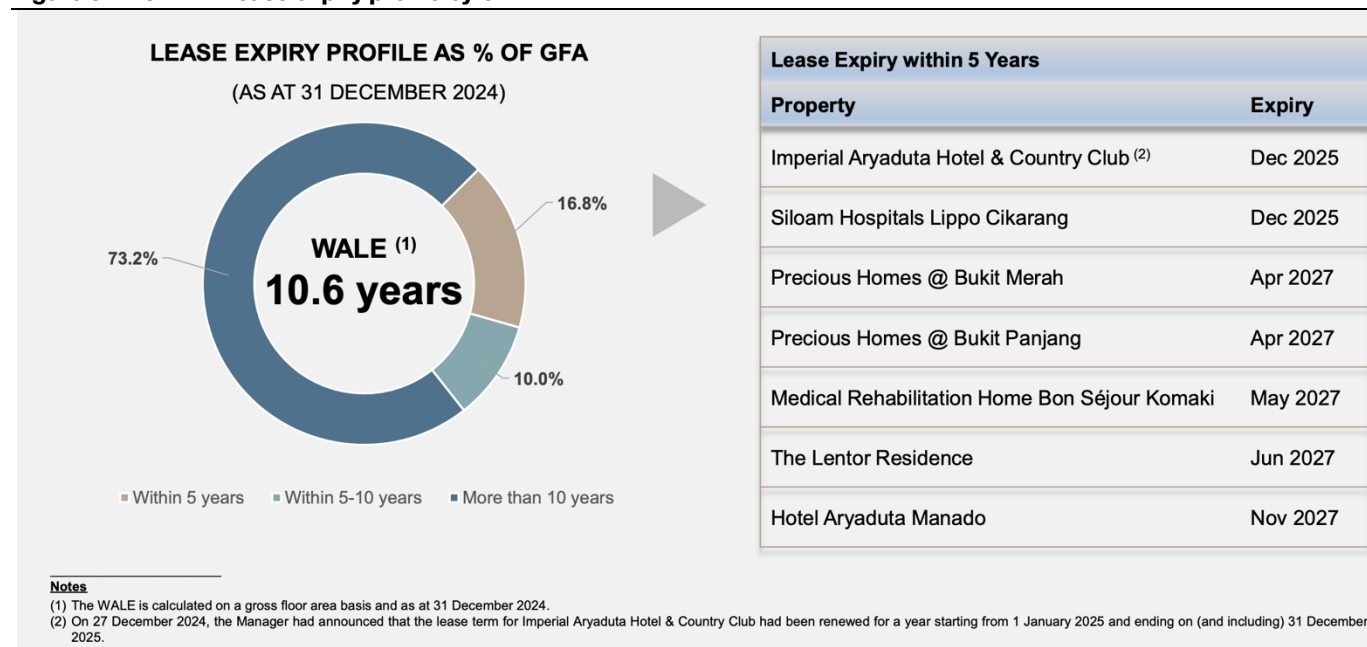
Figure 4: First REIT tenant mix by rental income in FY 2024

Source: Company data

WALE & lease expiry profile

First REIT has a long Weighted Average Lease Expiry (WALE) of 10.6 years as of 31 December 2024, with the majority of leases (73.2%) have a WALE of more than 10 years. First REIT has previously articulated a plan to divest its non-core asset, Imperial Aryaduta Hotel & Country Club. Meanwhile, the Master Lease Agreement, which was due to expire in December 2024 has since been renewed to 31 December 2025.

Figure 5: First REIT lease expiry profile by GFA

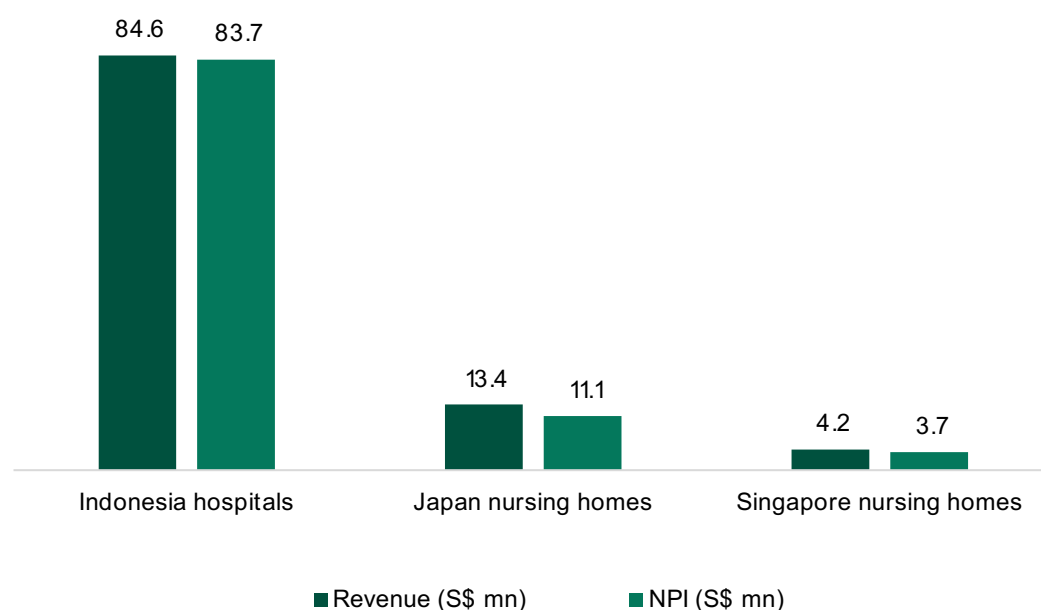


Source: Company data

Master lease structure provides for revenue stability in local currency terms

The lease structures in place at First REIT provide for revenue stability in local currency terms, while keeping operational cost inflation in check given the double net and triple net lease structures where cost of utilities are being borne by the tenants.

In Indonesia, rent escalation is the higher of a base rent escalation of 4.5% or performance-based rent of 8.0% of hospital's gross operating revenue in the preceding financial year, while in Singapore it is based on a fixed base rental with annual increment of 2.0%. In Japan, contributions are stable and may be revised upon negotiation every 2-3 years for 12 assets and every 5 years for two assets.

Figure 6: First REIT revenue and NPI by geography (In S\$mn in FY 2024)

Source: Company data

Figure 7: First REIT master lease structure by geography

| Healthcare Assets | Indonesia ⁽¹⁾ | Singapore | Japan |
|--|--|---|--|
| Rent escalation in local currencies | <ul style="list-style-type: none"> Higher of <ul style="list-style-type: none"> Base rent escalation of 4.5%; or Performance-based rent 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⁾ |
| Managing Inflation | <ul style="list-style-type: none"> Cost of utilities and repair managed by Master Lessees in triple net lease agreements. | <ul style="list-style-type: none"> Cost of utilities managed by Master Lessees in double net lease and triple net lease agreement. | <ul style="list-style-type: none"> Cost of utilities managed by Master Lessees in single net lease and triple net lease agreements. |

Notes: 1) Excluding Siloam Hospitals Lippo Cikarang, of which rent is denominated in SGD with a fixed base rent, 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.

Source: Company data

Disclosure Appendix

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