Beansprout

First REIT

(SGX: AW9U)

Complete exit from Indonesia to de-risk portfolio

- **Divesting Indonesia portfolio to Siloam across two tranches.** On 1 April 2026, First REIT announced that it has reached definitive agreements to divest all its Indonesia assets to Siloam. Siloam is the sole and current tenant of these assets, under a master lease agreement with First REIT. The transaction consists of two tranches. The 1st tranche involves sellin eight hospital assets and three non-hospital assets for approximately S$471.5 million. The second tranche takes the form of put options over the remaining six hospital assets, valued at approximately S$294.8 million.
- **Transaction provides cash inflows for debt repayment and special distribution to unitholders.** The net proceeds will primarily be used to repay S$362.7 million of secured debt, dramatically reducing aggregate leverage from 42.1% to 16.7%, while S$9.7 million will be distributed to unitholders as a special distribution. The proposed special distribution is expected to be declared over two financial quarters following the completion of the 1st tranche. Meanwhile, it will be looking for to reconstitute the portfolio by investing in developed countries.
- **Derisks portfolio and redeploy capital into developed markets.** The key rationale are to remove currency volatility and earnings drag from IDR/SGD exposure ; to reduce risk exposure to Indonesia; optimise capital structure ; to reconstitute the portfolio and prioritise for growth in developed markets; and to align interest with unitholders and proposed special distribution
- **Tranche 1 sharply reduces leverage and interest expenses.** First REIT will use $362.7 million toward repaying secured loan facilities and debt securities (CGIF Bonds, Standby Letter of Credit, and the S$300 million facility). This has a significantly positive impact on the balance sheet. Aggregate leverage falls from 42.1% to 16.7%, with total debt reducing from S$454.8 million to about S$110.0 million. The debt repayment generates pro forma annual interest cost savings of S$18.8 million. NAV per unit would decrease modestly from 24.97 cents to 23.43 cents.
- **Shareholder approval required at EGM.** This proposed transaction constitutes an Interested Person Transaction (IPT) as the acquirer – Siloam and LK, are connected to Dr Stephen Riady and Dr James Tjahaja Riady, who are each deemed interested in approximately 45.72% of First REIT's units and are Controlling Unitholders. Further, the proposed transaction is classified as "major transactions" which requires Unitholders' approval at the EGM.
- **Maintain NEUTRAL.** Following the exit from Indonesia, First REIT has substantial financial flexibility to acquire assets in more stable developed markets. Without new acquisitions, the remaining Singapore and Japan portfolio generates considerably less income. There is execution risk on the portfolio reconstitution – the Manager needs to find and close accretive acquisitions in competitive developed markets like Singapore, Japan, and Australia, which is not guaranteed. We maintain our Neutral stance.

Ticker	AW9U
Rating	Neutral
Price Target*	S$0.26
Price (6 April)	S$0.25
Upside/Downside:	-3.7%
52-week range	S$0.24 - 0.29
Market Cap	S$568M

*Target price is for 12 months

Research Analyst

Gerald Wong, CFA
gerald@growbeansprout.com

What happened?

On 1 April 2026, First REIT announced that it has entered into an agreement to divest the entire portfolio of Indonesian healthcare assets to its existing tenant, Siloam International Hospitals, in two tranches. Siloam is the sole and current tenant of these assets, under a master lease agreement with First REIT.

The divestment comprises 8 hospitals and 3 non-core assets for a total consideration of approximately S$471.5 million, at a 2.1% premium to valuation. The non-core assets are being sold at slight discounts to valuation. The 2.8% premium on hospital assets, while positive, is modest.

1st tranche :

- To divest eight hospital assets and three non-hospital assets for approximately S$471.5 million. This transaction value represents 2.1% premium over the latest independent valuations.
- Upon completion, First REIT will also receive the rental arrears from MPU (PT Metropolis Propertindo Utama), of approximately S$6.9 million.

2nd tranche :

- First REIT will be granted a put option, by Siloam, to sell the remaining six hospital assets, at approximately S$294.8 million, based on the latest valuation.
- The put option, expiring on 31 October 2026, will be subjected to stated conditions.

Figure 1: Overview of transaction

Note: 1)For illustrative purposes, certain Indonesia rupiah ("**IDR**") amounts have been translated into Singapore dollars ("**SGD**" or "**S$"**). Unless otherwise indicated, such translations are as at 27 March 2026, being the latest practicable date prior to the Announcement (the "**Latest Practicable Date**"), and have been made based on the illustrative exchange rate of S$1.00 = IDR13,157.89. Such translations should not be construed as representations that Indonesia rupiah amounts referred to could have been, or could be, converted into Singapore dollars, as the case may be, at that or any other rate or at all. Any discrepancies in the tables, graphs and charts included in this presentation between the listed amounts and totals thereof are due to rounding.
2)Premium calculated over the average of the two independent valuations commissioned by the Trustee and the Manager.
3)The rents under the MPU master lease agreements are payable quarterly in advance. As at 31 December 2025, the rents outstanding from MPU amounted to approximately S$6.9 million (any discrepancy is due to rounding difference), comprising approximately S$3.3 million and approximately S$3.5 million for the mall and hospital components respectively. In January 2026, the Manager had received approximately S$1.5 million of subsequent receipts in repayment for the outstanding rentals from MPU. Please see First REIT's press release for the financial year ended 31 December 2025 dated 5 February 2026 for further details.
4)The Put Option exercise period commences on the date of the Put Option Agreements and ends on 31 October 2026, or (i) 31 December 2026, at the option of the parties following mutual discussions, or (ii) such other date as may be mutually agreed in writing between the parties.

Source: Company data

Divesting Indonesia portfolio to Siloam across two tranches

To recap, in January 2025, First REIT received a non-binding letter of intent from PT Siloam International Hospitals TbK to acquire the REIT's portfolio of hospital assets in Indonesia.

Following which, First REIT conduct a strategic review. The strategic review aims to deliver sustainable long-term value to unitholders.

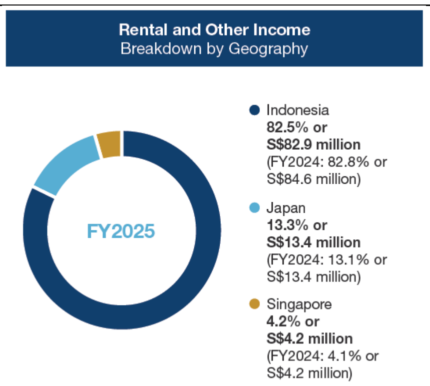
According to the announcement on 1 April 2026, after a rigorous process to assess all the strategic options, the divestment is confirmed.

The proposed divestment involves selling all the properties in Indonesia. As at 31 December 2025, First REIT has a portfolio of 31 properties with a total asset value of S$1.02 billion. These include 14 properties in Indonesia, 3 nursing homes in Singapore and 14 nursing homes in Japan.

Properties in Indonesia are a significant contributor to First REIT's portfolio. In FY2025, the Indonesia segment accounts for 82.5% of rental income and 74.5% of assets under management.

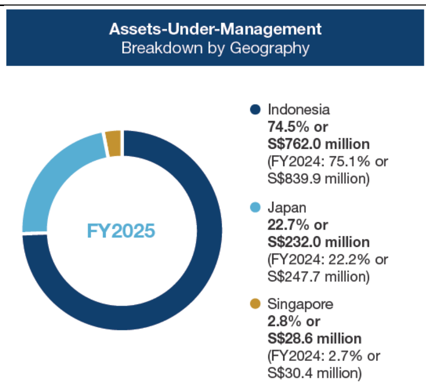
The 14 properties in Indonesia comprises 11 hospitals, two integrated hospitals and malls and one integrated hospital and hotel.

Figure 2: Indonesia accounts for 82.5% of rental income



Source: Annual report FY2025

Figure 3: Indonesia accounts for 74.5% of Asset under management



Source: Annual report FY2025

Transaction provides cash inflows for debt repayment and special distribution to unitholders

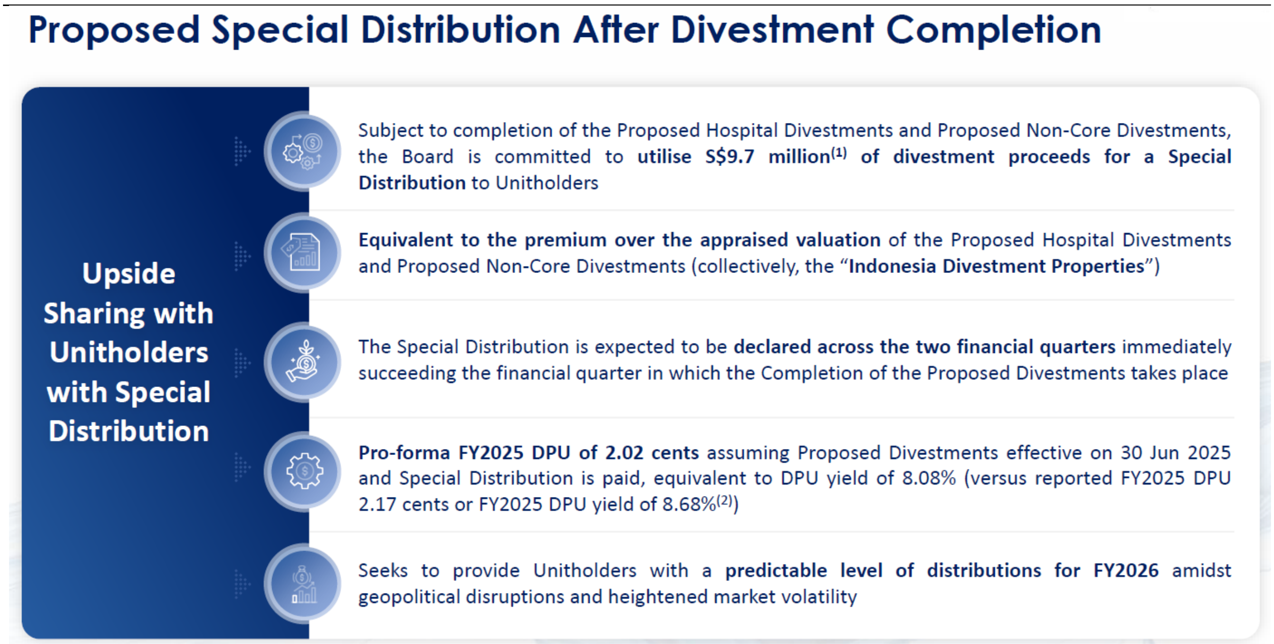
The total sales proceeds from the 1st tranche is estimated at S$471.5 million. Following the divestment, First REIT will use the majority of the sales proceeds for debt repayment. Meanwhile, it will be looking for to reconstitute the portfolio by investing in developed countries.

The 2nd tranche, upon the exercise of the put option, is expected to bring in sales proceeds of S$294.8 million. The amount will be finalised based on a fresh independent valuation when the put option is exercised.

Part of the sales proceeds, equivalent to the premium over the valuation, estimated at S$9.7 million will be distributed to unitholders as special distribution. The proposed special distribution is expected to be declared over two financial quarters following the completion of the 1st tranche.

The proposed special distribution works out to only 0.46 cents per unit. This amount will not be able to compensate the unitholders for the loss of rental income after the sale. In our view, First REIT will need to fill the rental income gap within six months of 1st tranche's completion in order to minimize the impact on unitholder returns.

Figure 4: Proposed special distribution



Note:

1) This is computed based on the difference of approximately IDR0.13 trillion between the sum of the aggregate Hospital Divestment Consideration and the aggregate Non-Core Divestment Consideration (being approximately S$471.5 million), and the aggregate average of the two independent valuations of the Indonesia Divestment Properties by the Independent Valuers (being approximately S$461.8 million), based on an illustrative exchange rate of S$1.00 = IDR13,157.89.

2) Based on the price of S$0.25 per Unit as at the Latest Practicable Date.

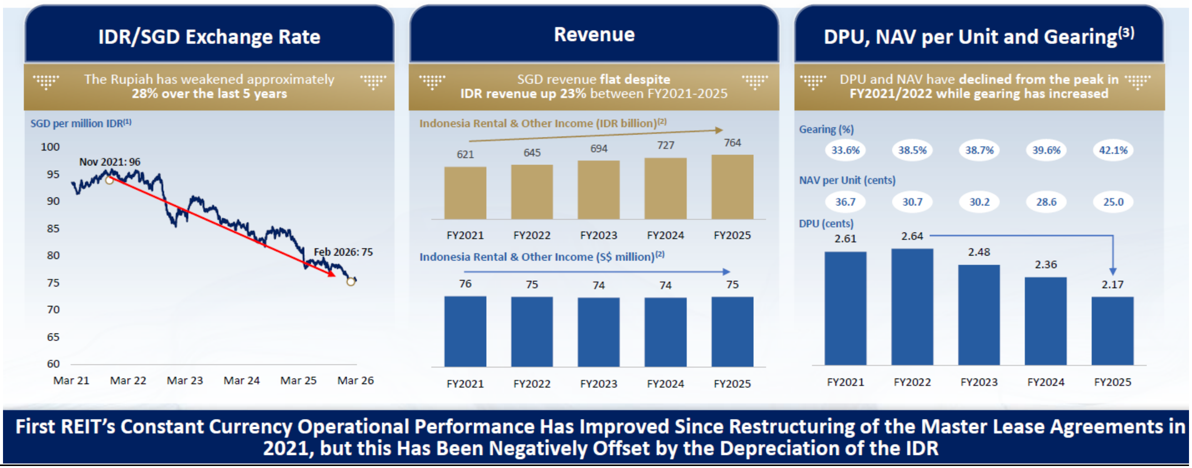
Source: Company data

Derisks portfolio and redeploy capital into developed markets

- **To remove currency volatility and earnings drag from IDR/SGD exposure**

The most fundamental driver is removing the persistent IDR/SGD foreign exchange headwind. Following the 2021 master lease restructuring, rental income from the Indonesian hospitals converted from SGD to IDR. Despite built-in 4.5% annual rent escalations and stable underlying asset performance in local currency terms, the sustained depreciation of the rupiah against the Singapore dollar has eroded DPU by 16.9% over five years from FY2021.

Figure 5: Eliminate exposure to IDR/SGD currency volatility and income drag



Note:
1)IDR/SGD rates from FactSet.
2)Excluding FRS 116 adjustment on rental straight-lining and includes revenue from Siloam Hospitals Surabaya that was divested in September 2022 and Imperial Aryaduta Hotel & Country Club that was divested in December 2025.
3)In February 2021, First REIT completed the issuance of 791,062,223 rights units.

Source: Company data

- **To reduce risk exposure to Indonesia**

Amidst the uncertainty and reduced predictability in policymaking, the credit agencies have revised the outlook of Indonesia's sovereign risk rating to Negative in 1Q 2026. First REIT's full exit from Indonesia will remove the risk exposure and provides opportunity to deploy the capital into developed markets.

- **To optimize the capital structure**

The transaction presents an opportunity for First REIT to strengthen the balance sheet. The proceeds will be used for debt repayment and to meet working capital requirements. Upon the debt repayment, pro-forma gearing fell to 16.7%, from 42.1% as at 31 December 2025. First REIT will also benefit from annual interest cost savings of S$18.8 million.

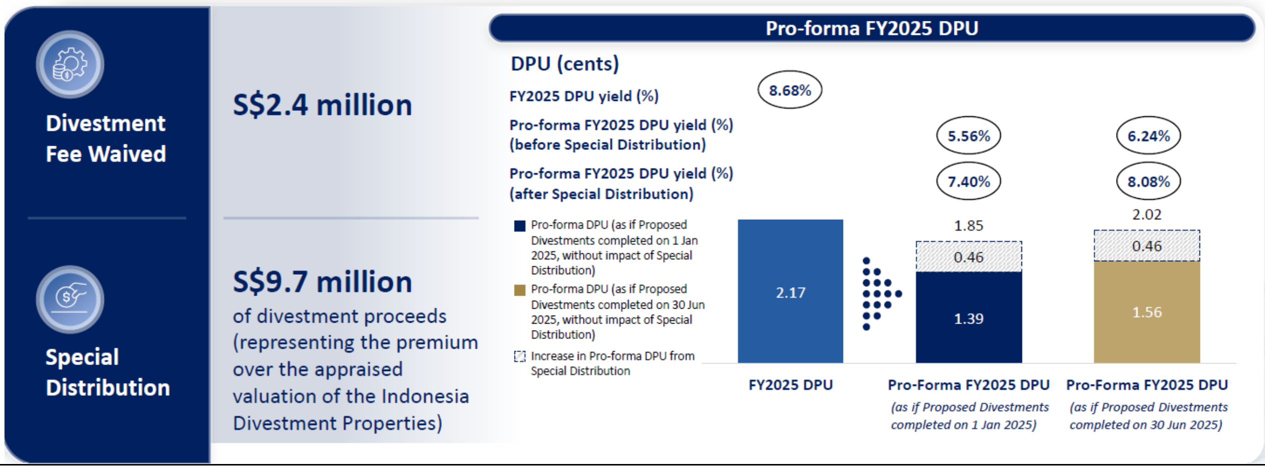
- **To reconstitute the portfolio and prioritise for growth in developed markets**

With ample debt headroom, First REIT plans to deploy capital into the developed markets. Developed markets are attractive due to the lower cost of debt, enhanced currency stability, robust governance, and policy frameworks, amongst others.

- **To align interest with unitholders and proposed special distribution**

To align with unitholders' interest, the REIT manager will waive the divestment fee of S$2.4 million. In addition, unitholders will receive special distribution of S$9.7 million. On a proforma basis, this will lift the FY2025 DPU from 1.56 cents to 2.02 cents, representing proforma FY2025 DPU yield of 8.08%.

Figure 6: Proposed special distribution



Note:
1) Based on the FY2025 Audited Consolidated Financial Statements and the price of S$0.25 per Unit as at the Latest Practicable Date.
2) The Units in issue and to be issued do not include the 4,419,732 Units issued from 1 January 2026 to 31 March 2026, being the market day preceding the date of the Announcement.
3) Assumes the average and closing exchange rates for IDR/SGD used for translating the FY2025 income statement and the financial positions as at 31 December 2025 are 12,346 and 12,987 respectively.
4) Assumes the accounting policies and methods of computation applied to the pro forma financials are consistent with those applied in the FY2025 Audited Consolidated Financial Statements and the accounting standards applicable as at the date of the Announcement.
5) Assumes the volume weighted average price for the management fee in Units is S$0.25 and the management fee payable in Units is 50%.
6) Assumes the net proceeds from the Proposed Hospital Divestments will be used for the repayment of certain loan facilities and debt securities in respect of the Hospital Properties, being the CGIF Bonds, the Standby Letter of Credit and the S$300 million Facility (see paragraph 2.3(i)(a)(III) of the Announcement for further details).
7) Assumes Special Distribution of S$9.7 million from the surplus of the aggregate net proceeds from the Proposed Divestments. This is computed based on the difference of approximately IDR0.13 trillion between the sum of the aggregate Hospital Divestment Consideration and the aggregate Non-Core Divestment Consideration (being approximately S$471.5 million), and the aggregate average of the two independent valuations of the Indonesia Divestment Properties by the Independent Valuers (being approximately S$461.8 million), based on an illustrative exchange rate of S$1.00 = IDR13,157.89.

Source: Company data

Tranche 1 sharply reduces leverage and interest expenses

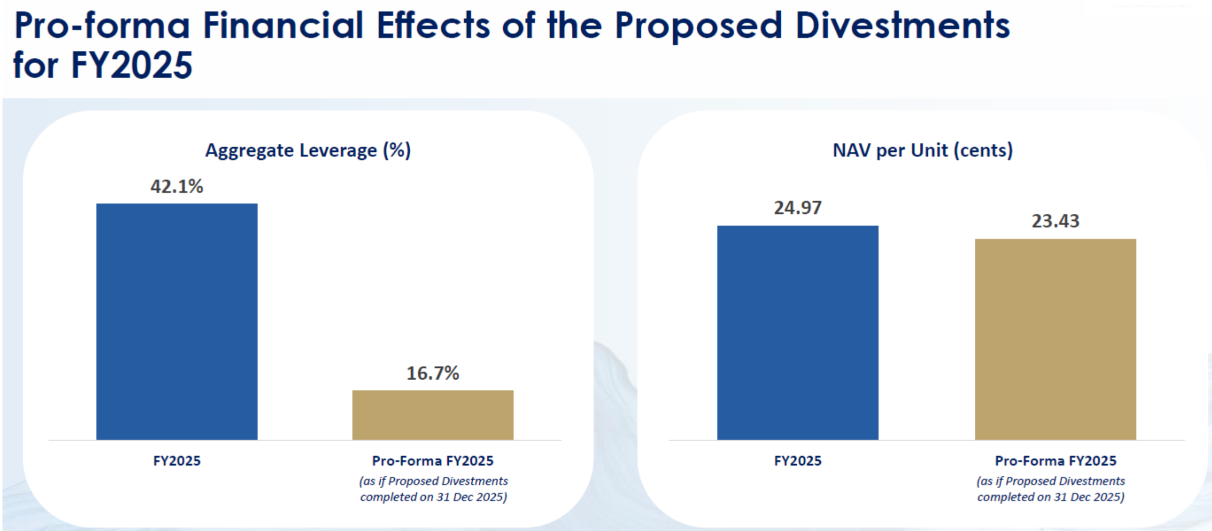
On the proposed divestment of 1st Tranche, the total consideration of S$471.5 million will mainly go to debt repayment. Around S$362.7 million will go toward repaying secured loan facilities and debt securities (CGIF Bonds, Standby Letter of Credit, and the S$300 million facility).

This has a significantly positive impact on the balance sheet. Aggregate leverage falls from 42.1% to 16.7%, with total debt reducing from S$454.8 million to about S$110.0 million. This also delivers pro forma annual interest cost savings of S$18.8 million.

NAV per unit would decrease modestly from 24.97 cents to 23.43 cents.

The improvement in financial flexibility will benefit unitholders when First REIT acquires accretive assets that provides more stable distribution.

Figure 7: Proforma financial effects



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Source: Company data

Shareholder approval required at EGM

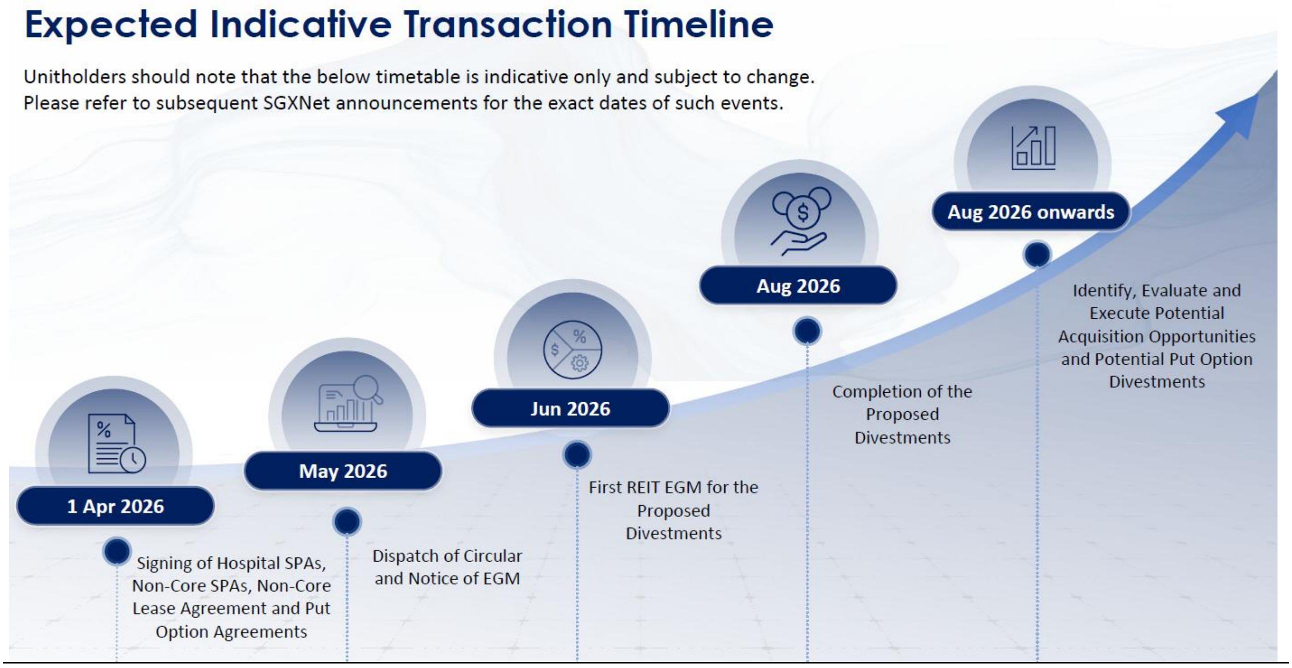
This proposed transaction constitutes an Interested Person Transaction (IPT) as the acquirer – Siloam and LK, are connected to Dr Stephen Riady and Dr James Tjahaja Riady, who are each deemed interested in approximately 45.72% of First REIT's units and are Controlling Unitholders.

Further, the proposed transaction is classified as "major transactions," exceeding 50% of First REIT's NAV and net property income.

This proposed transaction is an IPT and a major transaction which requires Unitholders' approval at the EGM. The circular will be dispatched in May 2026 and it will contain a more detailed independent assessment by the independent financial advisor.

The estimated timeline for the completion of the proposed divestments is August 2026.

Figure 8: Estimated timeline



Source: Company data

Maintain NEUTRAL

Following the exit from Indonesia, First REIT has substantial financial flexibility for acquisitions in more stable developed markets.

While the near-term DPU impact is significant – even with the Special Distribution, pro forma DPU drops from 2.17 cents to 2.02 cents (assuming half-year completion). Without new acquisitions, the remaining Singapore and Japan portfolio generates considerably less income. There is execution risk on the portfolio reconstitution – the Manager needs to find and close accretive acquisitions in competitive developed markets like Singapore, Japan, and Australia, which is not guaranteed. As such, we maintain our Neutral stance.

Financial Summary

Y/E Dec (S$m)	FY23	FY24	FY25	FY26E	FY27E
Income Statement					
Revenue	109	102	101	67	61
Property expenses	-3	-4	-3	-4	-7
Net property income	105	98	97	62	54
Other income	1	0	0	0	0
Manager's fees	-9	-9	-9	-6	-9
Other expenses	-6	-8	-22	-6	-6
Change in value of derivatives	-0	0	0	0	0
Change in value of investment properties	11	-10	-4	0	0
EBIT	101	73	64	51	40
Net finance expenses	-23	-23	-21	-8	-15
Profit before tax	78	51	43	42	25
Tax	-15	-14	-14	-7	-4
Minority interests	0	0	0	0	0
Profit attributable to owners	63	37	29	35	21
Balance sheet					
Assets					
PPE	1,139	1,118	1,023	739	1,037
Others	0	0	0	0	0
Total non-current assets	1,139	1,118	1,023	739	1,037
Cash & cash equivalents	40	35	56	65	212
Trade & other receivables	6	7	9	6	6
Others	1	1	1	1	1
Total current assets	48	42	66	72	219
Total assets	1,187	1,161	1,089	811	1,255
Liabilities					
ST borrowings	1	1	261	0	0
Trade & other payables	12	13	14	20	30
Others	4	5	4	4	4
Total current liabilities	18	18	279	24	35
LT borrowings	449	453	194	195	345
Others	61	57	55	55	55
Total non-current liabilities	509	510	249	250	400
Total liabilities	527	528	528	274	435
EQUITY					
Share Capital	627	599	527	527	527
Total equity	627	599	527	527	527
Perpetual securities	33	33	33	33	33
Total equity and liabilities	1,187	1,161	1,089	835	995

Y/E Dec (S$m)	FY23	FY24	FY25	FY26E	FY27E
Cash Flow					
Operating cash flow					
Pretax profit	78	51	43	42	25
Adjustments	4	29	32	5	11
Working capital changes	-9	-1	3	8	11
Others	-21	-30	-29	-15	-19
Cash flow from operations	52	48	49	40	29
Investing cash flow					
CAPEX	-5	-6	-4	-4	-4
Others	-0	-0	22	272	-5
Cash flow from investments	-5	-6	19	268	-9
Financing cash flow					
Dividends paid	-54	-52	-49	-37	-22
Proceeds from borrowings	2	5	4	-263	150
Others	0	0	0	0	0
Cash flow from financing	-51	-47	-45	-299	128
Net change in cash	-4	-5	23	9	147
Beginning cash	46	40	34	56	64
Currency translation	-2	-1	-2	0	0
Ending cash	40	34	56	64	212
Per share data (S$ cents)					
Book value per unit	30.3	29.0	25.5	25.5	25.5
Distribution per unit	2.5	2.4	2.2	1.4	0.7
Earnings per unit	3.1	1.8	1.4	1.7	1.0
Valuation					
P/E (x)	8.8	15.2	19.3	16.0	26.7
P/B (x)	0.9	0.9	1.1	1.1	1.1
EV/NPI (x)	9.2	9.9	9.8	11.0	12.8
Dividend yield (%)	9.2	8.7	8.0	5.2	2.8
Ratios					
ROE (%)	10.1	6.1	5.5	6.6	4.0
ROA (%)	5.3	3.2	2.7	4.3	1.7
Net gearing (%)	0.62	0.66	0.71	0.23	0.24
Margins (%)					
EBIT margin	93.0	71.8	63.9	75.7	65.5
Net margin	58.3	36.0	28.8	52.4	34.5

Disclosure Appendix

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