

First REIT

Stable operations undermined by FX



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SINGAPORE | REAL ESTATE (REIT) | 1Q25 UPDATE

2 May 2025

- 1Q25 DPU of 0.58 Singapore cents (-3.3% YoY) was slightly below our estimates, forming 23% of our FY25e forecast. The YoY decline in DPU was due to the depreciation of the IDR and JPY against the SGD, partially offset by higher rental income in local currency terms. 1Q25 DPU of 0.58 cents was unchanged QoQ.
- With 56.7% of its debt hedged to fixed rates, FIRT benefited from lower interest rates, bringing its all-in cost of debt down to 4.7% (Dec 24: 5.0%). After receiving S\$2.4mn from MPU in 4Q24, no payments were made in 1Q25, bringing the total overdue rent to S\$5.8mn as of 31 March 2025.
- Maintain BUY with an unchanged DDM-derived target price of S\$0.32. We trim our FY25e/26e DPU estimates by 6%/4% to reflect ongoing FX headwinds. Despite this, FIRT is still trading at an attractive FY25e DPU yield of 9.2%. FIRT is undergoing a strategic review to assess Siloam's letter of intent (LOI) to acquire its hospital assets in Indonesia, with no material developments as of 1Q25. Organic growth will come from more Indonesian hospitals achieving performance-based rent.

Results at a glance

(\$'mn)	1Q25	1Q24	YoY	Comments
Gross revenue	25.4	26.1	-2.8%	Impacted by the stronger SGD against the IDR and JPY, partially offset by higher rental income in local currency terms.
Net property income	24.6	25.3	-2.8%	
Distributable Income	12.2	12.4	-2.2%	
DPU (\$ cts)	0.58	0.60	-3.3%	1Q25 DPU was unchanged QoQ.

Source: Company, PSR

The Positives

+ Resilient operations. In 1Q25, rental income from Indonesia grew 5.5% YoY in local currency terms, exceeding the 4.5% base rent escalation due to higher contributions from performance-based rent. Rental income in Singapore grew 2%, while income from Japan remained stable YoY in local currency terms.

+ Benefiting from lower interest rates. FIRT's all-in cost of debt declined QoQ to 4.7% (from 5%), with 56.7% of debt hedged to fixed rates. Given the low proportion of fixed-rate debt, we expect a marginal decline in interest costs in FY25e. Gearing and adjusted interest coverage ratio (ICR) remain healthy at 40.7% and 3.8 times, respectively, with no refinancing requirements until May 26. Income from Japan is fully hedged through end-2025, while Indonesian income remains unhedged.

The Negative

- Rentals continue to be owed by MPU. Following a S\$2.4mn payment in 4Q24, no payments were received in 1Q25, and the outstanding amount increased from S\$4.6mn to S\$5.8mn QoQ. FIRT has not made any loss allowance for the overdue sum.

Outlook

While awaiting the outcome of the strategic review, FIRT continues to benefit from the 4.5% base rent escalation for its Indonesian hospitals, which could potentially offset the impact of IDR depreciation against the SGD. Separately, Siloam has secured a syndicated loan of IDR14.5tn (c.S\$1.1bn) to potentially acquire First REIT's hospital assets in Indonesia.

Maintain BUY with an unchanged DDM TP of S\$0.32

FIRT's long WALE of over 10 years and built-in base rental escalations continue to provide earnings visibility.

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.26
FORECAST DIV	SGD 0.02
TARGET PRICE	SGD 0.32
TOTAL RETURN	33.1%

COMPANY DATA

BLOOMBERG CODE:	FIRT SP
O/S SHARES (MN) :	2,099
MARKET CAP (\$ mn / SGD mn) :	409 / 535
52 - WK HI/LO (SGD) :	0.28 / 0.23
3M Average Daily T/O (mn) :	1.27

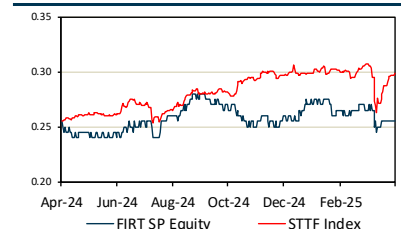
MAJOR SHAREHOLDERS (%)

OUE REALTY PTE LTD	35.1%
FIRST REIT MGMT LIMITED	9.9%
VANGUARD GROUP INC	1.9%

TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	(3.8)	(3.4)	2.2
STTF RETURN	(3.3)	1.6	2.4

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (\$m)	FY23	FY24	FY25e	FY26e
Gross Revenue	108.6	102.2	99.7	100.6
NPI	105.3	98.5	96.1	96.9
Dist. Inc.	51.4	49.3	49.6	53.2
P/NAV (x)	0.84	0.89	0.88	0.88
DPU (\$ cents)	2.48	2.36	2.35	2.50
Dist. Yield (%)	9.73	9.25	9.21	9.80

Source: Company, PSR

VALUATION METHOD

DDM (Cost of Equity: 10.5%; Terminal g: 2%)

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Financials

Income statement

Y/E Dec, (S\$'000)	FY22	FY23	FY24	FY25e	FY26e
Gross revenue	111,275	108,568	102,211	99,722	100,566
Property expenses	(2,716)	(3,234)	(3,758)	(3,666)	(3,698)
Net property income	108,559	105,334	98,453	96,055	96,868
Net Finance (Expense)/Inc.	(19,157)	(22,191)	(22,411)	(22,240)	(21,369)
Manager's fees	(4,041)	(3,713)	(3,729)	(3,607)	(3,669)
Other items	73,043	(8,202)	(7,875)	(7,712)	(7,770)
FV change, derivatives & pptides	(106,450)	6,988	(13,862)	-	-
Net income before tax	51,954	78,216	50,576	62,496	64,061
Taxation	(18,369)	(14,877)	(13,822)	(13,749)	(14,093)
Net income after Tax	33,585	63,339	36,754	48,747	49,968
Distribution adjustments	18,765	(11,890)	12,562	856	3,270
Income available for distribution	52,350	51,449	49,316	49,603	53,237

Per unit data

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
NAV (S\$)	0.31	0.30	0.29	0.29	0.29
DPU (cents)	2.64	2.48	2.36	2.35	2.50

Cash Flow

Y/E Dec, (S\$'000)	FY22	FY23	FY24	FY25e	FY26e
CFO					
Net income before tax	51,954	78,216	50,576	62,496	64,061
Adjustments	27,386	3,731	28,771	20,225	22,551
WC changes	28,339	136	(1,182)	8,852	(8,693)
Cash generated from ops	107,679	82,083	78,165	91,574	77,919
Others	(14,599)	(12,128)	(12,392)	(13,749)	(14,093)
Cashflow from ops	93,080	69,955	65,773	77,825	63,825

CFI

Acquisitions	(25,777)	-	(75)	-	-
Capex, net	(4,306)	(4,923)	(5,859)	(5,749)	(5,824)
Others	12,424	300	420	435	398
Cashflow from investments	8,118	(4,623)	(5,439)	(5,314)	(5,426)

CFF

Proceeds from issuance of units	-	-	-	-	-
Loans, net of repayments	(14,532)	2,365	4,446	-	-
Distributions	(49,489)	(52,136)	(50,109)	(49,603)	(53,237)
Others	(38,630)	(19,489)	(19,255)	(19,086)	(18,215)
Cashflow from financing	(102,651)	(69,260)	(64,918)	(68,689)	(71,452)
Net change in cash	(1,453)	(3,928)	(4,584)	3,821	(13,053)
Cash at the start of the period	51,203	46,103	40,266	34,674	38,495
FX changes	(3,647)	(1,909)	(1,008)	-	-
Ending cash	46,103	40,266	34,674	38,495	25,443

Source: Company, Phillip Securities Research (Singapore) Estimates

Balance Sheet

Y/E Dec, (S\$'000)	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Investment properties	1,145,343	1,139,468	1,118,008	1,132,674	1,144,269
Others	1,262	1	64	-	-
Total non-current assets	1,146,605	1,139,469	1,118,072	1,132,674	1,144,269
Trade receivables	5,027	6,249	6,724	3,633	6,812
Cash	46,103	40,266	34,674	38,495	25,443
Others	890	1,347	1,031	1,047	1,047
Total current assets	52,020	47,862	42,429	43,176	33,301
Total Assets	1,198,625	1,187,331	1,160,501	1,175,849	1,177,571

LIABILITIES

Loans and borrowings	1,453	920	880	880	880
Trade payables	14,994	12,402	12,641	18,419	12,904
Others	4,744	4,369	4,668	4,668	4,668
Total current liabilities	21,191	17,691	18,189	23,967	18,452
Loans and borrowings	449,613	448,926	452,602	452,602	452,602
Others	62,459	60,548	57,438	57,438	57,438
Total non-current liabilities	512,072	509,474	510,040	510,040	510,040
Total Liabilities	533,263	527,165	528,229	534,007	528,492

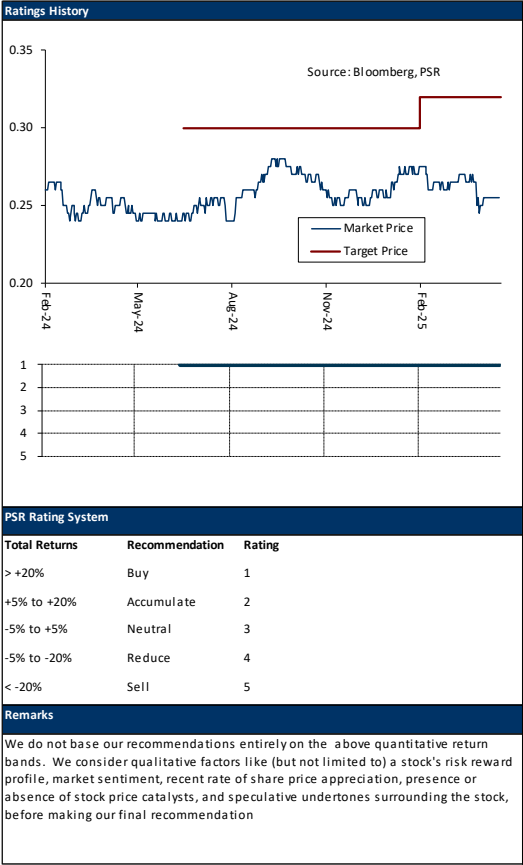
Net assets	665,362	660,166	632,272	641,843	649,079
Represented by:					
Unitholders' funds	665,362	660,166	632,272	641,843	649,079

Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/NAV (x)	0.83	0.84	0.89	0.88	0.88
Distribution Yield (%)	10.4	9.7	9.3	9.2	9.8
NPI yield (%)	10.3	9.2	8.7	8.5	8.5

Growth & Margins

Growth					
Revenue	8.7%	-2.4%	-5.9%	-2.4%	0.8%
Net property income (NPI)	8.3%	-3.0%	-6.5%	-2.4%	0.8%
Distributable income	24.5%	-1.7%	-4.1%	0.6%	7.3%
DPU	1.2%	-6.1%	-4.8%	-0.5%	6.4%
Margins					
NPI margin	97.6%	97.0%	96.3%	96.3%	96.3%
Key Ratios					
Net Debt or (Net Cash)	404,963	409,580	418,808	414,987	428,039
Gearing	37.6%	37.9%	39.1%	38.6%	38.5%



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