

FOR IMMEDIATE RELEASE

**First REIT declares DPU of 4.15 cents for FY 2020**

**SINGAPORE – 14 January 2021** – First REIT Management Limited (formerly Bowsprit Capital Corporation Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”), today reported a distribution per unit (“**DPU**”) of 4.15 Singapore cents for the financial year ended 31 December 2020 (“**FY 2020**”), on the back of income available for distribution sliding 51.2% year-on-year (“**y-o-y**”) to S\$33.4 million from the previous corresponding year (“**FY 2019**”) of S\$68.5 million.

Rental and other income for the year slipped 30.9% y-o-y to S\$79.6 million, largely attributable to rental reliefs extended to all tenants in the months of May and June 2020 and a further two months extended in September and October 2020 to tenants in Indonesia, to help alleviate the strains caused by the COVID-19 pandemic. Correspondingly, net property and other income dipped to S\$77.5 million in FY 2020 from S\$112.9 million in FY 2019.

As at 31 December 2020, the Trust’s gearing stood at 49.0% with interest cover at 3.6 times.

“Our FY 2020 performance is a reflection of the confluence of challenges that First REIT is facing. These include the financial stress facing our largest lessee, PT Lippo Karawaci Tbk, the upcoming refinancing hurdle where 39.8% of our debt is due in less than two months and the initial term of the master lease agreements in respect of Siloam Hospitals Surabaya, Siloam Hospitals Kebon Jeruk, Siloam Hospitals Lippo Village and Imperial Aryaduta Hotel & Country Club which will expire in December 2021. To address these challenges, we have developed a comprehensive plan to restructure, recapitalise and reposition First REIT, and we seek support from Unitholders at the upcoming extraordinary general meeting on 19 January 2021,” said Mr Victor Tan, Chief Executive Officer of the Manager.

On 28 November 2020, First REIT signed a memorandum of understanding with PT Lippo Karawaci Tbk (“LPKR”) and PT Metropolis Propertindo Utama (“MPU”) to restructure the master lease agreements (“MLAs”) relating to 14 hospitals in its portfolio in Indonesia. Under the new MLAs, all lease terms are extended to 31 December 2035, with an option to renew for 15 years. The commencement base rents will be in Indonesia Rupiah, and will enjoy a fixed escalation rate of 4.5% per annum, compared to the current base rent escalation capped at 2.0% per annum. There will also be a new performance-based rent mechanism where the actual rent paid from the second year onwards will be the higher of either the base rent with the fixed 4.5% escalation or the performance-based rent at 8.0% of the relevant hospital’s gross operating revenue for the preceding year. (Refer to announcement on 29 November 2020 for more details.)

In addition, on 28 December 2020, First REIT announced a proposed rights issue of 98 rights units to every 100 units based on an indicative issue price of S\$0.20 per unit. This will raise gross proceeds of approximately S\$158.2 million, which will be used towards partial repayment of the S\$400.0 million secured syndicated loan raised in 2018 and due to mature over the next 18 months. The Trust is only able to obtain refinancing up to a maximum of S\$260.0 million and the refinancing terms require First REIT to raise the remaining shortfall through equity fundraising.

“First REIT is facing an urgent need to recapitalise. With the proposed plans, First REIT will be able to meet its immediate debt repayment obligations on 1 March 2021 and deleverage its balance sheet, extend the weighted average debt maturity by 11 months and pave the way for further diversification of funding sources as part of the plan to further optimise First REIT’s balance sheet,” said Mr Tan.

## **Outlook**

“The outlook of the healthcare sector is resilient both in Indonesia and globally. Additionally, we remain confident in First REIT’s future, given that we have a strong and reputable hospital operator, PT Siloam International Hospitals Tbk, who is the most progressive and innovative healthcare provider in Indonesia. We believe it will continue to outperform its peers in Indonesia, thereby generating long-term growth for our hospitals. With the proposed MLAs restructuring, First REIT will have greater certainty on its cash flows

and valuations. Through the recapitalisation exercise, our gearing will be reduced and we will have a debt headroom in excess of S\$300 million. This ensures that First REIT is well-placed to seize yield-accretive acquisition opportunities outside of Indonesia and drive diversification efforts either through our sponsor, OUE Lippo Healthcare Limited's Pan-Asian healthcare network which spans countries like Japan, China and Myanmar, or from third parties," concluded Mr Tan.

Indonesia's gross domestic product ("GDP") contracted 3.49% y-o-y in the third quarter of 2020, mainly due to a 4.0% decrease in household consumption and a 6.5% decrease in investment driven by the COVID-19 pandemic. On a quarter-on-quarter basis, GDP rose 5.05%, after a 4.19% contraction in the second quarter<sup>1</sup>. At the final meeting of the year, Bank Indonesia kept its key interest rate unchanged at 3.75% after five rounds of interest rate reduction to support Indonesia's pandemic-hit economy during the year<sup>2</sup>.

Looking ahead, according to a report by Organization for Economic Co-operation and Development ("OECD"), Indonesia's GDP is poised to grow at 7.9% in 2021, making it the second-fastest growing economy in the world after China<sup>3</sup>. The Indonesian parliament approved a state budget of IDR2.75 quadrillion for 2021, with substantial investments directed towards strengthening the healthcare system.

While Indonesia has been significantly affected by the pandemic with over 758,000 virus cases as of 2 January 2021, it has taken steps to enforce social distancing restrictions in the worst-hit zones, secured close to 300 million doses of COVID-19 vaccines from various pharmaceutical companies and started distribution of its first delivery of vaccine to all its 34 provinces on 2 January 2021<sup>4,5</sup>.

The COVID-19 pandemic has impacted businesses globally, First REIT has and will continue to work with its tenants to ensure strict precautionary measures that prioritise the health and safety of all its patients, medical staff and visitors across all its properties.

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<sup>1</sup> 6 November 2020, Business Times – Indonesia sinks into first recession in over 20 years

<sup>2</sup> 18 December 2020, Business Times – Bank Indonesia keeps key rates unchanged at final meeting of 2020

<sup>3</sup> 15 December 2020, Business Times – Indonesia poised for strong economic rebound in 2021

<sup>4</sup> 30 December 2020, Straits Times – Indonesia set to secure 100m doses of vaccines from two drugmakers

<sup>5</sup> 3 January 2021, Business Times – Indonesia starts nationwide Sinovac vaccine distribution: Kompas

**Summary of Financial Results for the financial year ended 31 December 2020**

| (S\$'000)                     | FY 2020       | FY 2019 | Change (%) |
|-------------------------------|---------------|---------|------------|
| Rental and Other Income       | <b>79,619</b> | 115,297 | (30.9)     |
| Net Property and Other Income | <b>77,465</b> | 112,894 | (31.4)     |
| Distributable Amount          | <b>33,413</b> | 68,463  | (51.2)     |
| Distribution per unit (cents) | <b>4.15</b>   | 8.60    | (51.7)     |

**Distribution Details**

|                          |   |
|--------------------------|---|
| <b>Distribution</b>      | 1 October 2020 to 31 December 2020  |
| <b>Distribution type</b> | (a) Taxable income<br>(b) Capital distribution  |
| <b>Distribution rate</b> | Total: 0.84 cents per unit<br>(a) Taxable income distribution: 0.10 cents per unit<br>(b) Capital distribution: 0.74 cents per unit |
| <b>Ex-dividend date</b>  | 26 January 2021 at 9.00 am  |
| <b>Book closure date</b> | 27 January 2021 at 5.00 pm  |
| <b>Payment date</b>      | 24 March 2021   |

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**About First REIT**

First Real Estate Investment Trust (“First REIT”) is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between First REIT Management Limited (formerly Bowsprit Capital Corporation Limited) as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006. On 1 March 2018, HSBC Institutional Trust Services (Singapore) Limited retired as the Trustee of First REIT in favour of Perpetual (Asia) Limited.

First REIT is Singapore’s first healthcare real estate investment trust that aims to invest in a diversified portfolio of income-producing real estate and / or real estate-related assets in Asia that are primarily used for healthcare and / or healthcare-related purposes.

Managed by First REIT Management Limited,, First REIT’s portfolio consists of 20 properties located in Indonesia, Singapore and South Korea, namely 1) Siloam Hospitals Lippo Village, 2) Siloam Hospitals Kebon Jeruk, 3) Siloam Hospitals Surabaya, 4) Imperial Aryaduta Hotel & Country Club, 5) Mochtar Riady Comprehensive Cancer Centre, 6) Siloam Hospitals Lippo Cikarang, 7) Siloam Hospitals Manado & Hotel Aryaduta Manado, 8) Siloam Hospitals Makassar, 9) Siloam Hospitals Bali, 10) Siloam Hospitals TB Simatupang, 11) Siloam Hospitals Purwakarta, 12) Siloam Sriwijaya, 13) Siloam Hospitals Kupang & Lippo Plaza Kupang, 14) Siloam Hospitals Labuan Bajo, 15) Siloam Hospitals Buton & Lippo Plaza Buton, 16) Siloam Hospitals Yogyakarta, 17) Pacific Healthcare Nursing Home @ Bukit Merah, 18) Pacific Healthcare Nursing Home II @ Bukit Panjang, 19) The Lantor Residence and 20) Sarang Hospital.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lantor Residence is operated by The Lantor Residence Pte. Ltd. In South Korea, the Sarang Hospital is operated by a private doctor.

Through First REIT, investors can participate in an asset class that has a focus towards Asia’s growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

**IMPORTANT NOTICE**

The value of units in First REIT (“Units”) and the income derived from them may fall as well as rise. The 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. Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders of First REIT may only deal



in their Units through trading on Singapore Exchange Securities Trading Limited (the "SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of First REIT is not necessarily indicative of the future performance of First REIT. This document may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes. Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's view of future events.