

PRESS RELEASE
For Immediate Release

FIRST REIT SUSTAINS QUARTERLY DPU OF 0.62 SINGAPORE CENT AND STRENGTHENS CAPITAL STRUCTURE IN 2Q 2023

- Strengthens capital structure to remain resilient, in line with First REIT 2.0 Growth Strategy:
 - No refinancing requirements until May 2026 after early refinancing of TMK bond due May 2025
 - Proportion of debt on fixed rates or hedged increases to 86.0% as at 30 June 2023 from 59.6% as at 31 December 2022
 - Weighted average debt to maturity rises to 4.1 years as at 30 June 2023, from 3.4 years as at 31 December 2022
- 1H 2023 DPU of 1.24 Singapore cents is lower Y-o-Y from higher financing costs, currency translation impact, and one-off increase in unit base⁽³⁾

Summary of Financial Results for the period ended 30 June 2023

(\$' million)	1H 2023	1H 2022	Change (%)
Rental and other income ⁽¹⁾	54.0	53.8	0.4%
Net Property and other income ⁽²⁾	52.4	52.7	(0.6%)
Distributable amount	25.5	25.3	1.0%
Total issued and issuable units (millions) ⁽³⁾	2,072.3	2,054.4	0.9%
Distribution per unit (cents)	1.24	1.32	(6.1%)

SINGAPORE – 1 August 2023 – First REIT Management Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”), today reported distribution per unit (“**DPU**”) of 0.62 Singapore cent for the quarter ended 30 June 2023 (“**2Q 2023**”), which is stable compared with the DPU

⁽¹⁾ Excluding FRS 116 adjustment on rental straight-lining, rental and other income increased 4.7% year-on-year to S\$46.4 million in 1H 2023 from S\$44.3 million in 1H 2022.

⁽²⁾ Excluding FRS 116 adjustment on rental straight-lining, net property and other income increased 3.6% to S\$44.8 million in 1H 2023 from S\$43.2 million in 1H 2022.

⁽³⁾ Total issued and issuable units include the issuance of 431.1 million Units in early March 2022 to partially fund an acquisition of 12 nursing homes.

for the quarter ended 31 March 2023 (“**1Q 2023**”). DPU for the half year ended 30 June 2023 (“**1H 2023**”) of 1.24 Singapore cents was 6.1% lower year-on-year due to higher financing costs, currency translation impact, and one-off increase in unit base ⁽³⁾.

Rental and other income grew 0.4% year-on-year to S\$54.0 million in 1H 2023, mainly due to a full half-year rental income contribution from 12 Japan nursing homes acquired from sponsor OUE Healthcare Limited (“**OUE Healthcare**”) in March 2022 and two additional Japan nursing homes acquired from third parties in September 2022. The Trust’s portfolio in Indonesia and in Singapore also registered improvement in rental income. However, the growth in rental income was partly offset by the depreciation of the Indonesian Rupiah and the Japanese Yen against the Singapore Dollar in 1H 2023 compared to 1H 2022.

With the new Japan portfolio, property operating expenses increased to S\$1.6 million in 1H 2023 from \$1.1 million to 1H 2022, leading to a 0.6% dip in Net property and other income (“**NPI**”) to S\$52.4 million in 1H 2023. Finance costs also increased to S\$11.2 million in 1H 2023 from S\$8.4 million in 1H 2022, mainly due to higher borrowings coupled with higher interest rates. As a result, distributable amount in 1H 2023 grew only 1.0% to S\$25.5 million.

As at 30 June 2023, net asset value (“**NAV**”) per unit improved to 31.02 Singapore cents from 30.70 Singapore cents as at 31 December 2022, due to the appreciation of Indonesian Rupiah against Singapore Dollar during 1H 2023.

Separately, rentals outstanding from PT Metropolis Propertindo Utama (“**PT MPU**”) amounts to approximately S\$4.2 million as at 30 June 2023, while security deposits of approximately S\$2.3 million was received from PT MPU. As at 31 July 2023, PT MPU has further repaid approximately S\$2.0 million, which together with the security deposits are in excess of the remaining outstanding rental receivables. The management will continue to engage closely with PT MPU on the repayment of the rental in arrears.

Mr Victor Tan, Executive Director and Chief Executive Officer of the Manager, said, “All of the Trust’s 32 high-quality healthcare and healthcare-related properties continued to deliver sustainable rental growth in 1H 2023. Global economic uncertainties have brought about a challenging business environment, but the Trust has grown in resilience through the early refinancing of debt and the ongoing diversification of our geographical and tenant mix, in line with First REIT’s 2.0 Growth Strategy.

“Our nursing homes in Japan and Singapore now comprises more than one-quarter of the Trust’s AUM, and we remain committed towards growing our developed markets portfolio to more than half of the Trust’s AUM by FY2027. We also continue to ride on the strong demand for quality healthcare services in Indonesia. With an increasingly diversified portfolio, we expect to remain well-positioned to generate sustainable growth for our Unitholders.”

Active execution of First REIT 2.0 Growth Strategy

One of key thrusts in First REIT 2.0 Growth Strategy ⁽⁴⁾ is to strengthen its capital structure to remain resilient by diversifying funding sources and continuing to optimise its financial position. In line with First REIT 2.0 Growth Strategy, First REIT completed an early refinancing of a Japanese Yen denominated Tokutei Mokuteki Kaisha (“**TMK**”) bond with a new onshore banking relationship in 2Q 2023.

Following this early refinancing, there is no refinancing requirement until May 2026, the proportion of debt on fixed rates or hedged grew to 86.0% as at 30 June 2023 from 59.6% as at 31 December 2022, while weighted average debt to maturity lengthened to 4.1 years as at 30 June 2023, from 3.4 years as at 31 December 2022. First REIT’s overall financial position remained strong with a gearing of 38.7% and healthy interest coverage ratio at 4.1 times as at 30 June 2023. The Trust has also entered into non-deliverable forward contracts and call spreads to hedge net cashflow from Indonesia.

⁽⁴⁾ Read more about First REIT’s 2.0 Growth Strategy at <https://www.first-reit.com/about-growth-strategy.html>

Outlook

The healthcare real estate sector is a large and growing market, supported by factors such as a structural demand for quality healthcare services where there is low capacity, and the ageing population megatrend.

In Indonesia, the demand for quality healthcare is resilient, underpinned by growing affluence. According to BMI, a Fitch Solutions company, middle-to-upper-income households ⁽⁵⁾ are expected to grow from 38.8% of total households in 2023 to 40.4% in 2027 ⁽⁶⁾. While hospital bed capacity in Indonesia has been below regional average ⁽⁷⁾, the Indonesian Parliament has passed into law a new Health Bill allowing foreign medical specialists to practise and be based in the country. In Japan, people aged 65 and older are expected to grow from 29.9% of population in 2022 to 37.5% of population by 2050 ⁽⁸⁾, and in Singapore, the country is expected to become a “super aged” ⁽⁹⁾ society in 2026, as 21% of the population will be 65 years old or older ⁽¹⁰⁾.

In line with First REIT 2.0 Growth Strategy to ride the megatrends in the healthcare sector, First REIT will continue to seek opportunities to diversify into developed markets, reshape its portfolio for capital efficient growth through the divestment of non-core, non-healthcare, or mature assets, and to continue to strengthen its capital structure. With strong support from its Sponsors, OUE Limited and OUE Healthcare Limited, First REIT is well positioned to deliver sustainable distributions to Unitholders in the long term.

⁽⁵⁾ Households with annual disposable incomes of between US\$10,000 to US\$50,000

⁽⁶⁾ BMI, 27 June 2023, '[Favourable Demographics And Middle-Class Expansion Feeds Demand For Decorative Household Goods In Indonesia](#)'

⁽⁷⁾ Antara, 30 April 2020, '[Govt highlights hospital bed shortage at 1.2 per thousand Indonesians](#)'

⁽⁸⁾ World Economic Forum, 22 February 2023, '[The World's oldest populations](#)'

⁽⁹⁾ A super-aged society” is one where more than 21% of the population is aged 65 years and above. (Source: [OECD](#))

⁽¹⁰⁾ Today, April 2023, '[Ageing society: S'pore can cushion impact and 'even reap dividends' after decades of preparation, says Ong Ye Kung](#)'

Distribution Details

Distribution	1 April 2023 to 30 June 2023
Distribution type	(a) Taxable income (b) Tax-Exempt income (c) Capital distribution
Distribution rate	Total: 0.62 cents per unit (a) Taxable income: 0.03 cents per unit (b) Tax-exempt income: 0.25 cents per unit (c) Capital distribution: 0.34 cents per unit
Ex-distribution date	8 August 2023 at 9.00 am
Book closure date	10 August 2023 at 5.00 pm
Payment date	25 September 2023

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For further information and enquiries, please contact:

First REIT

Pearl LAM

Email: pearllam@first-reit.com / ir@first-reit.com

Tel: (65) 6435 0168

Citigate Dewe Rogerson Singapore

Ms CHIA Hui Kheng / Ms Dolores Phua / Mr TEO Zheng Long

Email: FirstREIT@citigatedewerogerson.com

Tel: (65) 6534 5122

About First REIT

First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”), is a healthcare real estate investment trust focused on investing in income producing real estate properties which are primarily used for healthcare and healthcare related purposes. First REIT is managed by First REIT Management Limited (the “**Manager**”), which is headquartered in Singapore. The Manager is 40% directly held by OUE Healthcare Limited and 60% directly held by OUE Limited, who together are its Sponsors.

As at 31 December 2022, the Trust has a portfolio of 32 properties across Asia, with a total asset value of S\$1.15 billion. These include 15 properties in Indonesia comprising 11 hospitals, two integrated hospitals & malls, an integrated hospital & hotel and a hotel & country club; three nursing homes in Singapore; and 14 nursing homes in Japan. The Trust’s healthcare properties in Indonesia are operated by PT Siloam

International Hospitals Tbk while healthcare properties in Singapore and Japan are operated by well-established third-party operators.

With a vision to become Asia's premier healthcare trust, First REIT is actively executing its '2.0 Growth Strategy' of four well-defined strategic pillars to drive sustainable long-term growth. The four pillars are to diversify into developed markets, reshape portfolio for capital efficient growth, strengthen capital structure to remain resilient, and continue to pivot to ride megatrends.

For the latest news from First REIT, visit www.first-reit.com

About OUE Limited

OUE Limited ("OUE") is a leading pan-Asian, full service real estate development, investment and management company with assets across the commercial, hospitality, retail, residential and healthcare sectors. Best known for its landmark property portfolio in Singapore, OUE consistently leverages its expertise in property development and asset management to maximise yields and unlock value. As at 31 December 2022, OUE's total assets were valued at S\$9.5 billion.

OUE is the manager of two SGX-listed REITs: OUE Commercial Real Estate Investment Trust and First Real Estate Investment Trust. As at 31 December 2022, OUE managed S\$7.8 billion in funds under management across its two REIT platforms and its managed accounts.

Since 2017, OUE has expanded its business activities into the complementary and high-growth healthcare and consumer sectors. OUE is the controlling shareholder of OUE Healthcare Limited, an SGX-listed, integrated healthcare services provider that owns, operates and invests in quality healthcare assets in high-growth Asian markets.

Anchored by its "Transformational Thinking" philosophy, OUE has built a reputation for developing iconic projects, transforming communities, providing exceptional service to customers and delivering long-term value to stakeholders.

For the latest news from OUE, visit www.oue.com.sg

About OUE Healthcare Limited

OUE Healthcare Limited (“**OUE Healthcare**”) is a subsidiary company of OUE Limited. OUE Healthcare is a regional healthcare group that focuses on building a regional healthcare ecosystem.

Currently, OUE Healthcare owns, operates, and invests in quality healthcare businesses in high-growth markets including operating and managing a respiratory and cardiothoracic specialist group in Singapore, operating a hospital in Wuxi, China, and jointly developing and operating two hospitals in China with China Merchants Group, as well as jointly operating and managing Myanmar's leading private hospital group. OUE Healthcare is also the largest unitholder of First Real Estate Investment Trust, Singapore’s first listed healthcare real estate investment trust, holding a direct stake of about 33%; and also holds a 40% stake of its manager, First REIT Management Limited.

OUE Healthcare continually seeks to grow its healthcare businesses in Asia via its three-pronged strategy comprising strategic partnerships, asset-light business model and regional expansion.

OUE Healthcare is a Singapore-incorporated company and has been listed on the Catalist of the SGX-ST since 8 July 2013.

For the latest news from OUE Healthcare, visit www.ouehealthcare.com

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.