

OTHER HIGHLIGHTS

First REIT (S\$0.27, down 1 cts) reported distribution per unit ("DPU") of 1.13 Singapore cents for the half year ended 30 June 2025 ("1H 2025"), as compared to 1.20 Singapore cents for the half year ended 30 June 2024 ("1H 2024"). On a quarter-on-quarter basis, DPU for the quarter ended 30 June 2025 ("2Q 2025") was 0.55 Singapore cents, 5.2% decline as compared to the preceding quarter.

Mr Victor Tan, Executive Director and Chief Executive Officer of the Manager, said, "First REIT's operational performance remained resilient despite macroeconomics externalities. The volatility and depreciation of the Indonesian Rupiah against the Singapore Dollar moderated our distributable income for the first half of 2025, despite Indonesia properties achieving a 5.5% increase in rental income in local currency terms. This necessitates our continued focus on actively managing foreign currency risks and our capital management strategy."

In 1H 2025, Rental and Other Income declined 2.9% year-on-year ("Y-O-Y") to S\$50.5 million. In local currency terms, Rental and Other Income for the Indonesia and Singapore properties increased by 5.5% and 2.0% respectively while Rental and Other Income from the Japan properties remained stable. Property operating expenses decreased S\$0.2 million Y-O-Y to S\$1.5 million. Hence, Net Property and Other Income was 2.7% lower Y-O-Y at S\$48.9 million. Finance costs fell by S\$0.4 million to S\$10.9 million due to the easing interest rate conditions. Realised exchange losses of S\$1.7 million were incurred, largely attributable to the remittance of funds from Indonesia. As a result, Distributable Amount dipped by 4.8% Y-O-Y to S\$23.8 million in 1H 2025. Net Asset Value per unit as at 30 June 2025 was 26.75 Singapore cents, 6.5% lower than 28.60 Singapore cents as at 31 December 2024.

First REIT remains committed to strengthening its capital structure for long-term resilience. As at 30 June 2025, the proportion of debt on fixed rates or hedged was 56.2%. Gearing ratio rose slightly to 41.2% and interest coverage ratio remained robust to 3.7 times. The cost of debt stood at 4.8%, comparable to the previous quarter. Additionally, First REIT has no refinancing requirements until May 2026. In response to interest rate and currency volatility, the Trust has adopted hedging strategies, including forward contracts, to protect net cash flows from Indonesia and Japan.

Separately, the rents of PT Metropolis Propertindo Utama ("PT MPU") master lease agreements are payable quarterly in advance. As at 30 June 2025, the rental outstanding from PT MPU amounted to approximately S\$7.0 million, comprising of approximately S\$3.3 million and approximately S\$3.7 million for the mall and hospitals respectively.

Following the information provided in the 1Q 2025 Business Update dated 29 April 2025, the Manager affirms that the Strategic Review remains ongoing, with a robust and rigorous process aimed at delivering long-term sustainable value for First REIT's Unitholders. The Manager will update Unitholders in compliance with its obligations under the Listing Manual of Singapore Exchange Securities Trading Limited should there be any material developments.

Outlook: The global landscape is facing an era of heightened uncertainty and volatility, driven by uneven growth trajectories, shifting trade policies and escalating geopolitical tensions. According to the International Monetary Fund's latest Regional Economic Outlook, Asia's short-term prospects have deteriorated due to escalating trade tensions, with projected regional growth slowing to 3.9 percent in 2025, down from 4.6 percent in 2024. Notwithstanding growth and inflation returning to targets forecasted in 2024, the outlook for the region has been revised downward, in tandem with the general downturn of the global economy. Economic momentum is likely to soften due to lower external demand, a muted technology cycle and weak private consumption.

Looking ahead, currency volatility is expected to remain a persistent theme across Asia. The currency environment continues to be influenced by broader macroeconomic externalities, including ongoing global trade uncertainties and domestic fiscal challenges. The Indonesian Rupiah has faced significant depreciation since the start of 2025, prompting Bank Indonesia's recent intervention in June 2025. Similarly, the Japanese Yen has continued to weaken amid a wide US-Japan interest rate gap, with the Bank of Japan signaling caution over additional rate hikes.

First REIT's market cap stands at S\$566mln and currently trades at 1.0x P/B with a dividend yield of 8.3%. 2Q25 DPU of 0.55 S cts was 5.2% down qoq and a drop of 8.3% compared to 2Q24 DPU of 0.60 S cts due to currency translation impact from the weaker Indonesian Rupiah. While a continued weakening IDR may impact income and DPU in SGD terms, we note that First REIT's core operations remain steady with higher rental income in local currency terms. A potential acquisition of First REIT's Indonesia hospitals by Siloam could be used to pare down debt and reduce gearing, providing firepower for the entry into developed markets. Consensus TP stands at \$0.30, representing a 11% potential upside. Given the DPU weakness due to currency fluctuations as well as valuations remaining fair at 1.0x P/B, but with the potential catalyst of its ongoing Strategic Review as a possible booster, we have a "Hold" recommendation.

FSSTI STOCK SELECTION

HIGHEST CONSENSUS FORWARD DIV YIELD (%)

1 DFI RETAIL GROUP	14.17
2 FRASERS LOGISTICS TRUST	6.70
3 DBS BANK	6.24
4 MAPLETREE INDUSTRIAL TRUST	6.23
5 MAPLETREE PAN ASIA COMM TRUST	6.03

LOWEST TRAILING P/B (X)

1 HONGKONG LAND	0.47
2 UOL GROUP	0.51
3 JARDINE MATHESON	0.59
4 CITY DEVELOPMENTS	0.64
5 MAPLETREE PAN ASIA COMM TRUST	0.74

LOWEST CONSENSUS FORWARD P/E (X)

1 YANGZIJANG SHIPBUILDING	7.85
2 JARDINE MATHESON	10.12
3 UOB BANK	10.34
4 THAI BEVERAGE	10.44
5 OCBC BANK	10.64

LOWEST TRAILING EV/EBITDA (X)

1 YANGZIJANG SHIPBUILDING	4.40
2 GENTING SINGAPORE	5.72
3 DFI RETAIL GROUP	6.71
4 VENTURE CORP	9.18
5 THAI BEVERAGE	9.97

Source: Bloomberg Estimates (FSSTI Universe)

MACRO MARKET NEWS AFFECTING US, HONG KONG AND CHINA MARKETS

US: BCA Research wrote that their Private Markets & Alternatives strategists recommend a balanced allocation across Public and Private Infrastructure, with near-term valuation favoring Public. Structural differences in index construction, sector mix, and regional exposure drive divergent performance and diversification characteristics between the two.

Private Infrastructure outperforms on operational efficiency, maintaining higher EBITDA growth due to regulatory freedom and greater asset control. Private assets also offer stronger inflation-hedging properties, reinforcing their appeal in structurally higher inflation environments.

There is tentative evidence of an illiquidity premium, particularly within Value-Add strategies, supporting the long-term return profile of Private Infrastructure. Public Infrastructure behaves more like equities, with higher beta and valuation sensitivity. However, current valuation multiples are historically attractive relative to Private, making the asset class compelling for incremental capital deployment.

China/HK: Microsoft warned that Chinese state-sponsored hackers are among those exploiting flaws in its SharePoint software to break into institutions globally, with the US agency responsible for designing nuclear weapons now among those breached.

In a blog post, the tech giant identified two groups supported by the Chinese government, Linen Typhoon and Violet Typhoon, as leveraging flaws in the document-sharing software that rendered customers who run it on their own networks, as opposed to in the cloud, vulnerable. Another hacking group based in China, which Microsoft calls Storm-2603, also exploited them, according to the blog.

The number of companies and agencies subjected to breaches as a result of these exploits is meanwhile mounting: Hackers have used the SharePoint flaws to break into the US National Nuclear Security Administration, according to a source with knowledge of the matter who was not authorised to speak publicly.

Bloomberg also reported that systems belonging to the US Education Department, Florida's Department of Revenue and the Island General Assembly were compromised. While Microsoft has patched its software in recent days, cybersecurity researchers have already

detected breaches on more than 100 servers representing 60 victims thus far, including organisations in the energy sector, consulting firms and universities.

Hackers have also exploited the software to break into the systems of national governments from Europe to the Middle East, according to a source familiar with the matter. The SharePoint flaws have been used in hacks since at least Jul 7, said Adam Meyers, senior vice-president at CrowdStrike Holdings.

Early exploitation resembled government-sponsored activity, and then spread more widely to include hacking that "looks like China", Meyers said. CrowdStrike's investigation into the campaign is ongoing, he said. Microsoft said in its blog that its investigations into other threat actors using these exploits "is still ongoing".

The company said it has "high confidence" that hackers will "continue to integrate them into their attacks". In a statement, the Chinese Embassy in Washington said China firmly opposes all forms of cyberattacks and cybercrime. "At the same time, we also firmly oppose smearing others without solid evidence," it said.

"We hope that relevant parties will adopt a professional and responsible attitude when characterising cyber incidents, basing their conclusions on sufficient evidence rather than unfounded speculation and accusations." No sensitive or classified information is known to have been compromised in the attack on the National Nuclear Security Administration, the source with knowledge of the breach said.

The semiautonomous arm of the Energy Department is responsible for producing and dismantling nuclear arms. Other parts of the department were also compromised. An Energy Department spokesperson said by e-mail that the SharePoint exploitation began affecting the agency on Jul 18, but it was limited by the fact that the department uses Microsoft's cloud.

Representatives of the US Department of Education and Rhode Island legislature, meanwhile, did not respond to calls and e-mails seeking comment. The Florida Department of Revenue said the SharePoint weaknesses were being investigated "at multiple levels of government" but declined further comment.

Source: BCA Research / Bloomberg