



(Constituted in the Republic of Singapore pursuant to a trust deed dated 19 October 2006 (as amended))

## BUSINESS UPDATE FOR 1Q 2023

The Board of Directors of First REIT Management Limited, in its capacity as manager of First Real Estate Investment Trust (“**First REIT**”, and as manager of First REIT, the “**Manager**”), today announced its business update for the three months ended 31 March 2023 (“**1Q 2023**”).

### 1. Financial Results and Distribution Details

The Manager reported a distribution per unit (“**DPU**”) of 0.62 Singapore cents for 1Q 2023, 6.1% lower than 0.66 Singapore cent for the same period a year ago (“**1Q 2022**”). The payment date for 1Q 2023 will be on 26 June 2023.

#### Summary of Financial Results for the period ended 31 March 2023

<b>(\$'000)</b>	<b>1Q 2023</b>	<b>1Q 2022</b>	<b>Change (%)</b>
Rental and Other Income <sup>(i), (ii)</sup>	26,803	25,545	4.9%
Net Property and Other Income <sup>(ii)</sup>	25,820	25,150	2.7%
Distributable Amount	12,719	11,749	8.3%
Total issued and issuable units (millions) <sup>(iii)</sup>	2,068	2,051	0.8%
DPU (cents) <sup>(iv)</sup>	0.62	0.66	(6.1%)

#### **Notes**

- (i) Rental and Other Income increased 4.9% to S\$26.8 million largely attributed to the contribution from Japan nursing homes which were acquired in March 2022 and September 2022 as well as higher rental income from Indonesia and Singapore properties.
- (ii) 1Q 2022 results include one-month maiden contribution from 12 Japan nursing homes which were acquired on 1 March 2022.
- (iii) Total issued and issuable units include the issuance of 431.1 million Units in early March 2022 to partially fund the acquisition of 12 Japan nursing homes.
- (iv) DPU in 1Q 2023 was 6.1% lower than in 1Q 2022 mainly due to higher financing costs and depreciation of foreign currencies against the Singapore Dollar.

## 2. Business Update

In 1Q 2023, First REIT's 14 Japan nursing homes contributed a full quarter of rental income. 12 of these nursing homes were acquired in March 2022 and another two were acquired in September 2022. In March 2023, the Manager of First REIT completed the acquisition of FRM Japan Management Co., Ltd ("**FRMJM**") to support First REIT's existing portfolio and future growth in the Japan market. FRMJM is an asset management company that is licensed by the Tokyo Metropolitan Government.

First REIT's Indonesia and Singapore portfolio also contributed higher rental income in 1Q 2023 vs 1Q 2022, largely due to a built-in rent escalation lease structure, offset by the absence of rental income from Siloam Hospitals Surabaya which was divested in September 2022 and the depreciation of foreign currencies against the Singapore Dollar. First REIT has 14 hospitals in Indonesia, of which 13 have a minimum rental escalation of 4.5% in local currency terms annually. First REIT also has 3 nursing homes in Singapore, and all are subject to a minimum 2.0% increase in rent annually. However, with higher financing costs and the depreciation of foreign currencies against the Singapore Dollar, DPU in 1Q 2023 was 6.1% lower than in 1Q 2022.

Separately, under the Master Lease Agreements with PT Metropolis Propertindo Utama and subsidiaries ("**MPU**"), rent is payable quarterly in advance. As at the date of this announcement, rental arrears in the sum of approximately S\$2.6 million are outstanding from MPU. The Manager has engaged closely with MPU on the repayment of the rental arrears and has received a payment plan from MPU. Based on the payment plan, the outstanding rental arrears will be fully paid no later than end of this year.

In line with First REIT 2.0 Growth Strategy<sup>1</sup>, First REIT remains focused on diversifying into developed markets such as Japan, and divesting non-core, non-healthcare, or mature assets. First REIT has identified Imperial Aryaduta Hotel Country Club ("**IAHCC**") to be a non-core asset which is being marketed for divestment. In December 2022, First REIT renewed the lease with IAHCC for a 1-year term ending 31 December 2023. The short-term lease provides revenue stability while still allowing strategic flexibility.

## 3. Outlook

With ageing population rising in developed markets, and the supply of hospital beds in Indonesia below regional average, the demand for healthcare real estate such as nursing homes and hospitals remains resilient. However, the global economic outlook is uncertain amid factors such as turmoil in the financial sector, high inflation, and geopolitical tensions.

In April 2023, due to increased risks to global growth, the Monetary Authority of Singapore had decided to maintain the prevailing rate of appreciation of the Singapore Dollar nominal effective exchange rate policy band. In Indonesia, Bank Indonesia also left its benchmark rate unchanged following a series of rate hikes between August 2022 to January 2023. In Japan, the new central bank governor Kazuo Ueda articulated that it was appropriate to maintain an ultra-loose monetary policy for now.

To this end, First REIT actively monitors its currency risk and when appropriate, utilises financial derivatives such as non-deliverable forwards and call spreads. To manage interest rate risk, First REIT has fixed or hedged 62.8% of its debt as at 31 March 2023. It will continue to monitor any potential risk arising from interest rate volatility and put in place appropriate levels of interest rate hedges.

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<sup>1</sup> More information about First REIT 2.0 Growth Strategy is available on <https://www.first-reit.com/about-growth-strategy.html>

Looking ahead, with strong sponsor support from OUE Limited and OUE Lippo Healthcare Limited, and together with active execution of its '2.0 Growth Strategy', First REIT is well-positioned to ride the tailwinds in the healthcare sector to deliver sustainable distributions.

#### 4. Distribution Details

<b>Summary of Distribution Details</b>	
<b>Distribution</b>	1 January 2023 to 31 March 2023
<b>Distribution type</b>	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
<b>Distribution rate</b>	Total: 0.62 cents per unit (a) Taxable income: 0.02 cents per unit (b) Tax-exempt income: 0.28 cents per unit (c) Capital distribution: 0.32 cents per unit
<b>Ex-distribution date</b>	9 May 2023 at 9.00 am
<b>Book closure date</b>	10 May 2023 at 5.00 pm
<b>Payment date</b>	26 June 2023

By Order of the Board

Tan Kok Mian Victor  
Executive Director and Chief Executive Officer  
First REIT Management Limited  
(As Manager of First REIT)

25 April 2023

## 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.