



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

BUSINESS UPDATE FOR 9M 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 nine months ended 30 September 2023 (“**9M 2023**”).

1. Financial Results and Distribution Details

The Manager reported a distribution per unit (“**DPU**”) of 0.62 Singapore cent for the three months ended 30 September 2023 (“**3Q 2023**”) and 1.86 Singapore cents for 9M 2023. The payment date for 3Q 2023 DPU will be on 22 December 2023.

Summary of Financial Results for the period ended 30 September 2023

(\$'000)	9M 2023	9M 2022	Change (%)
Rental and Other Income ⁽ⁱ⁾	81,369	80,900	0.6%
Net Property and Other Income ⁽ⁱⁱ⁾	79,082	79,082	–
Distributable Amount	38,352	38,803	(1.2%)
Total issued and issuable units (millions) ⁽ⁱⁱⁱ⁾	2,076.9	2,057.8	0.9%
DPU (cents) ^(iv)	1.86	1.98	(6.1%)

Notes

- (i) Excluding FRS 116 Adjustment on rental straight-lining, Rental and Other Income increased 3.0% to S\$69.6 million in 9M 2023 from S\$67.6 million in 9M 2022
- (ii) Excluding FRS 116 Adjustment on rental straight-lining, Net Property and Other Income increased 2.4% to S\$67.4 million in 9M 2023 from S\$65.8 million in 9M 2022
- (iii) Includes the issuance of 431.1 million units in March 2022 to partially fund the acquisition of 12 Japan nursing homes
- (iv) Includes 1Q 2023 DPU of 0.62 Singapore cent which was paid on 26 June 2023, 2Q 2023 DPU of 0.62 Singapore cent which was paid on 25 September 2023, and 3Q 2023 DPU of 0.62 Singapore cent which will be paid on 22 December 2023

2. Business Update

Rental and Other Income increased 0.6% year-on-year to S\$81.4 million in 9M 2023, mainly due to the acquisition of 12 Japan nursing homes acquired in March 2022 and two Japan nursing homes acquired in September 2022. Rental and Other Income from Indonesia in 9M 2023 was S\$55.2 million, 1.0% lower year-on-year largely due to currency translation impact. In local currency terms and before an FRS 116 adjustment on rental straight-lining, Rental and Other Income from First REIT's hospitals in Indonesia¹ increased 8.8% year-on-year to IDR 515.3 billion from IDR 473.6 billion.

Although Rental and Other Income increased, Net Property and Other Income in 9M 2023 and 9M 2022 was unchanged at S\$79.1 million, largely due to an increase in property expenses from portfolio growth. Distributable Amount decreased 1.2% year-on-year to S\$38.4 million in 9M 2023, largely from higher finance costs and the depreciation of foreign currencies against the Singapore Dollar. Overall, 9M 2023 DPU of 1.86 Singapore cents was 6.1% lower year-on-year². However, 3Q 2023 DPU of 0.62 Singapore cent was stable compared to the two preceding quarters.

The Trust continues to strengthen its capital structure to remain resilient. As at 30 September 2023, the proportion of debt on fixed rates or hedged is 85.9%. First REIT also completed an early refinancing of a Japanese Yen denominated Tokutei Mokuteki Kaisha (“**TMK**”) bond in June 2023 with a new onshore banking institution. This further strengthened the REIT's overall debt maturity profile, resulting in the REIT having no refinancing requirements until May 2026. As at 30 September 2023, rentals outstanding from PT Metropolis Propertindo Utama (“**PT MPU**”) was approximately S\$3.6 million and the Manager is engaging closely on repayments.

3. Outlook

Healthcare real estate continues to be a resilient asset class with robust demand fundamentals and long-term growth prospects. In Japan, the capacity in facilities for long-term care is small in comparison to the elderly population which is expected to grow from over 29% of the total population of approximately 125 million in 2023 to almost 35% by 2040^{3,4}. In Singapore, the population is also rapidly ageing, and nursing home capacity will increase in the next five years by at least eight new nursing homes and more than 2,000 beds⁵. In Indonesia, the number of hospital beds per capita is the lowest in ASEAN, yet it also has the world's largest public health insurance scheme⁶.

¹ Excluding Siloam Hospitals Surabaya which was divested in September 2022, and excluding Siloam Hospitals Lippo Cikarang as its rent is denominated in SGD

² The unit base includes the issuance of 431.1 million units in March 2022 to fund the acquisition of Japan nursing homes in 2022

³ Nikkei Asia, 14 June 2023, '[Japan's health care system isn't keeping up with working seniors](#)'

⁴ Today, 18 September 2023, '[One in 10 Japanese are older than 80: Government data](#)'

⁵ The Straits Times, 6 August 2023, '[At least 8 new nursing homes in Singapore in next 5 years](#)'

⁶ Australian Financial Review, 20 June 2023, '[Australian joint venture leads foreign push into Indonesia's hospitals](#)'

First REIT's healthcare portfolio comprises nursing homes in Japan and Singapore, as well as hospitals in Indonesia. Consistent with its 2.0 Growth Strategy⁷, First REIT targets for developed markets to comprise more than 50% of its portfolio by FY2027. This includes divesting non-core assets or mature properties and capital recycling. The Trust will also continue to strengthen its capital structure to remain resilient and utilise derivative financial instruments to mitigate impact of interest rate and currency risk. Together with strong sponsor support from OUE Limited and OUE Healthcare Limited, First REIT is well-positioned to ride the tailwinds in the healthcare sector to deliver sustainable distributions.

4. Distribution Details

Summary of Distribution Details	
Distribution	1 July 2023 to 30 September 2023
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total: 0.62 cent per unit (a) Taxable income: 0.03 cent per unit (b) Tax-exempt income: 0.27 cent per unit (c) Capital distribution: 0.32 cent per unit
Ex-distribution date	8 November 2023 at 9.00 am
Book closure date	9 November 2023 at 5.00 pm
Payment date	22 December 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)

1 November 2023

⁷ Read more about First REIT's 2.0 Growth Strategy at <https://www.first-reit.com/about-growth-strategy.html>

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.