



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

## BUSINESS UPDATE FOR 1Q 2024

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 2024 (“**1Q 2024**”).

### 1. Financial Results and Distribution Details

The Manager reported a distribution per unit (“**DPU**”) of 0.60 Singapore cent for the three months ended 31 March 2024 (“**1Q 2024**”). The payment date for 1Q 2024 DPU will be on 21 June 2024.

#### Summary of Financial Results for the period ended 31 March 2024

(S\$' million)	1Q 2024	1Q 2023	Change (%)
Rental and Other Income	26.1	26.8	(2.7%)
Without FRS 116 Adjustment on rental straight-lining	22.9	23.1	(0.8%)
Net Property and Other Income	25.3	25.8	(2.1%)
Without FRS 116 Adjustment on rental straight-lining	22.1	22.2	(0.1%)
Distributable Amount	12.4	12.7	(2.2%)
Total issued and issuable units (millions)	2,086	2,068	0.9%
Distribution per unit (cent)	0.60	0.62	(3.2%)

### 2. Business Update

Rental and Other Income declined 2.7% year-on-year to S\$26.1 million in 1Q 2024, and Net Property and Other Income fell 2.1% year-on-year to S\$25.3 million over the same period. The financial results in 1Q 2024 were impacted by a stronger Singapore Dollar against the Indonesia Rupiah and the Japanese Yen<sup>1</sup>. This currency impact was offset by higher rental income in local currency terms from assets in Indonesia and in Singapore as well as stable rental income in local currency terms from assets in Japan.

<sup>1</sup> Based on average exchange rates, SGD/IDR depreciated 2.4% from 11,494 in 1Q 2023 to 11,765 in 1Q 2024, while SGD/JPY depreciated 12.1% from 99 to 111 over the same period.

Apart from a stronger Singapore Dollar, rising interest rates led to a higher cost of debt of 5.0% in 1Q 2024 as compared with 4.7% in 1Q 2023. As a result, Distributable Amount declined S\$0.3 million or 2.2% year-on-year to S\$12.4 million in 1Q 2024. Overall, DPU dipped from 0.62 Singapore cent in 1Q 2023 to 0.60 Singapore cent in 1Q 2024, which represents an annualised distribution yield of 9.2%<sup>2</sup>.

As at 31 March 2024, the proportion of debt on fixed rates or hedged is 87.1%, gearing ratio remained healthy at 38.8% with an interest coverage ratio of 4.0%, and First REIT has no refinancing requirements until May 2026. Net asset value per unit as at 31 March 2024 was 29.48 Singapore cents as compared to 30.18 Singapore cents as at 31 December 2023 mainly due to currency translation<sup>3</sup>; this represents a price-to-book ratio of 0.88 times<sup>2</sup>.

Separately, rentals outstanding as at 31 March 2024, from a tenant PT Metropolis Propertindo Utama (“MPU”) amounted to approximately S\$5.2 million, while the security deposit received from MPU amounted to approximately S\$2.3 million<sup>4</sup>. The Manager is engaging closely with MPU on repayments.

To provide further context to the above, on 18 May 2021, First REIT entered into a deed of novation and variation with MPU and PT Siloam International Hospitals Tbk (“Siloam”) to add Siloam as a joint tenant with MPU to each of the three MPU Hospitals Master Lease Agreements (“MLA”). As at 31 March 2024, the security deposit from Siloam for the three MPU Hospitals MLAs for its proportion of the rent amounted to approximately S\$3.9 million, which forms 87% of the total security deposit for the three MPU Hospital MLAs<sup>4</sup>. There are no rentals outstanding from Siloam.

### 3. Outlook

Amidst persistent inflation and geopolitical worries, market uncertainty regarding interest rates and currencies have risen. In Japan, the central bank has exited its ultra-loose monetary policy and guided the overnight call rate to be in a range of 0-0.1% however, the Japanese Yen weakened as investors perceived the Bank of Japan’s guidance to be dovish<sup>5</sup>. Separately, the Indonesian Rupiah has depreciated to around Covid-19 pandemic levels but its central bank said it is intervening in the market to help steady the currency<sup>6,7</sup>.

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<sup>2</sup> Based on First REIT’s closing unit price of S\$0.26 as at 28 March 2024

<sup>3</sup> Based on end of period exchange rates, SGD/IDR depreciated from 11,627 as at 31 December 2023 to 11,765 as at 31 March 2023, while SGD/JPY depreciated from 109 to 112 over the same period

<sup>4</sup> MPU’s security deposit of S\$2.3 million includes S\$0.6 million for the hospitals, which forms 13% of the total security deposit for the three MPU Hospital MLAs; the remaining amount of MPU’s security deposit of S\$1.7 million is for a mall.

<sup>5</sup> Reuters, 19 March 2024, [‘Bank of Japan scraps radical policy, makes first rate hike in 17 years’](#)

<sup>6</sup> The Business Times, 11 April 2024, [‘Rupiah breaches key 16,000 level to hit four-year low against greenback’](#)

<sup>7</sup> CNA, 16 April 2024, [‘Indonesian rupiah hits four-year low, prompts central bank intervention’](#)

In view of the market uncertainty, the Manager is closely monitoring and progressively hedging net cashflow from Indonesia and Japan in accordance with our hedging policy. As at 31 March 2024, over one-third of the currency volatility impact on net cashflow for the full year ending 31 December 2024 has been hedged. In addition, the Manager also utilises onshore borrowings denominated in Japanese Yen to provide a natural hedge for close to 50% of the asset value of our Japan properties.

Aged care markets in much of Asia Pacific are at a nascent stage of development, as the responsibility of elderly care potentially shifts from families to institutions amidst declining birthrates<sup>8</sup>. In Japan<sup>9</sup> and in Singapore<sup>10</sup>, preliminary government data showed that in 2023, the number of babies born in Japan fell to a record low of around 760,000 while the total fertility rate in Singapore declined below 1.0 for the first time.

In Indonesia, the government is targeting to elevate the middle-class population to 80 percent, up from the current 20 percent, in its pursuit of becoming a high-income country by 2045<sup>11</sup>. The rising affluence in Indonesia is expected to translate into a higher demand for quality healthcare in the long-term.

To deliver sustainable distributions to unitholders, First REIT remains focused on its 2.0 Growth Strategy, with a target for developed markets to comprise more than 50% of its portfolio by FY2027. 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.

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<sup>8</sup> Oxford Economics, 13 March 2024, [‘Rapid ageing a tailwind for the aged care sector in Asia Pacific’](#)

<sup>9</sup> Reuters, 27 February 2024, [‘Japan's new births fall to record low in 2023 as demographic woes deepen’](#)

<sup>10</sup> CNA, 28 February 2024, [‘Singapore's total fertility rate falls to historic low of 0.97’](#)

<sup>11</sup> Jakarta Globe, 6 March 2024, [‘Indonesia Aiming for 80 Percent Middle Class Population in 2045: Bappenas’](#)

#### 4. Distribution Details

<b>Summary of Distribution Details</b>	
<b>Distribution</b>	1 January 2024 to 31 March 2024
<b>Distribution type</b>	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
<b>Distribution rate</b>	Total: 0.60 cent per unit (a) Taxable income: 0.03 cent per unit (b) Tax-exempt income: 0.26 cent per unit (c) Capital distribution: 0.31 cent per unit
<b>Ex-distribution date</b>	7 May 2024 at 9.00 am
<b>Book closure date</b>	8 May 2024 at 5.00 pm
<b>Payment date</b>	21 June 2024

By Order of the Board

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

24 April 2024

## 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.