

FOR IMMEDIATE RELEASE

First REIT registers y-o-y growth for FY2021 following completion of strategic initiatives, pivots towards new growth strategy with Japan acquisition

- FY2021 distributable income to Unitholders jumps 26.1% y-o-y to S\$42.1 million from S\$33.4 million
- Declares DPU of 2.61 Singapore cents for FY2021 compared to 4.15 Singapore cents in FY2020 due to issuance of rights units in February. On an adjusted basis, without the rights units, DPU up 23.4% y-o-y to 5.12 Singapore cents
- With strong unitholders' support, takes first strategic and significant step towards growth with proposed acquisition of 12 nursing homes in Japan in alignment with First REIT 2.0 Growth Strategy

SINGAPORE – 10 February 2022 – First REIT Management Limited, as manager (the “**Manager**”) of First Real Estate Investment Trust (“**First REIT**” or the “**Trust**”), capped off financial year ended 31 December 2021 (“**FY2021**”) with creditable year-on-year (“**y-o-y**”) top-line and bottom-line growth.

Rental and other income for the reporting period grew 28.5% to S\$102.3 million compared to S\$79.6 million of the preceding period a year ago (“**FY2020**”), with corresponding increase in net property and other income (“**NPI**”) of 29.4% to S\$100.2 million from S\$77.5 million in FY2020. For the half year ended 31 December 2021 (“**2H2021**”), the Trust’s rental and other income and NPI grew 54.6% and 56.8% to S\$63.4 million and S\$62.6 million respectively.

The top-line growth was largely due to the accounting treatment under the Financial Reporting Standards (“**FRS**”) 116 Leases, where rental income with fixed annual escalation will be recognised on a straight-line basis over the contractual lease term. As the rental income from the restructured master lease agreements (“**Restructured MLAs**”) of the 14 Indonesia hospitals which took effect from 1 January 2021, has a minimum annual escalation of 4.5%, rental income was recognised on a straight-line basis for the entire lease term.

Arising from the above mentioned accounting treatment, improvements were achieved for the full-year rental and other income as well as the NPI despite the divestment of Sarang Hospital, the Trust’s South

Korea hospital, in August 2021, as well as ongoing disruptions from the protracted COVID-19 pandemic which resulted in the extension of a one month and a half month rental rebate to the Trust's Indonesia malls and hotels respectively in the third quarter of 2021.

Separately, the portfolio of First REIT's properties was revalued at S\$962.4 million as at 31 December 2021, representing an increase of S\$22.7 million (2.4%) over their carrying value as at 31 December 2020.

"In a year of structural adjustments to our leases and continued challenges from the pandemic, we are heartened to have achieved a stable set of results for FY2021. At the same time, the support of our steadfast Unitholders to all our strategic initiatives, and together with our committed Sponsor, have enabled the Trust to maximise returns for our Unitholders to deliver total Unitholder returns of 59.0%¹, and a 42.8%² increase in unit price for FY2021. Going forward, we will continue to execute our refreshed strategy to deliver long-term value for our Unitholders," said Mr Victor Tan, Chief Executive Officer of the Manager.

As at 1 October 2021, the Restructured MLAs transitioned into their second year, raising rental income by a minimum 4.5% in the new lease year. Under the restructured MLAs, the adopted rent will be either the base rent with an annual rental increment of 4.5% or the performance-based rent of 8.0% of the hospital's gross operating revenue of the preceding year, ensuring regular annual rental increment from the properties.

The Trust registered a 26.1% increase in distributable income to Unitholders of S\$42.1 million for FY2021 from S\$33.4 million in FY2020. Distribution per unit ("DPU") for FY2021 was 2.61 Singapore cents compared to 4.15 Singapore cents in FY2020, largely due to the issuance of 791,062,223 rights units in February 2021. On an adjusted basis, without the rights units, FY2021 DPU rose 23.4% to 5.12 Singapore cents from 4.15 Singapore cents in FY2020.

In 2H2021, distributable income rose 41.5% to S\$21.2 million from S\$15.0 million. DPU was 1.31 Singapore cents for 2H2021 and 0.66 Singapore cents for the fourth quarter ended 31 December 2021.

¹ Refers to total Unitholder returns based on compound total return with dividends assumed to be reinvested on the dividend ex-date

² Based on the unit price of S\$0.214 as at 4 January 2021 and S\$0.305 as at 31 December 2021

In addition to its Restructured MLAs exercise, the Manager also successfully completed its refinancing and recapitalisation exercise in early 2021, wrapping up the year with a lower leverage of 33.6% and interest cover of 5.2 times as at 31 December 2021, compared to a gearing of 49.0% and interest cover of 3.6 times as at 31 December 2020.

Following the conclusion of the restructuring and recapitalisation exercise in May 2021, the Manager unveiled its new First REIT 2.0 Growth Strategy in December 2021. One of the four pillars of the 2.0 Growth Strategy is to diversify into developed markets to reduce concentration risk, with an aim to reduce the weightage of the Indonesia assets to less than 50% of the Trust's total portfolio in three to five years.

This was unveiled in conjunction with First REIT's proposed acquisition of the 12 Japan nursing homes (the "**Japan Nursing Homes**" or the "**Proposed Acquisition**") from its sponsor OUE Lippo Healthcare Limited ("**OUELH**" or "**Sponsor**") at an agreed purchase price of JPY24.2 billion. To this end, First REIT received overwhelming support from Unitholders for this Proposed Acquisition at its recent extraordinary general meeting ("**EGM**") held on 28 January 2022.

"This will be First REIT's maiden foray into the Japan nursing home market, a strategic entry for the Trust into a developed market with strong potential for growth due to its rapidly ageing population. In line with our strategy to diversify our geographical and tenant concentration risk, the acquisition will expand our geographical coverage and enhance our asset size substantially. It also allows us to create value for our Unitholders as it is DPU-accretive with an expected 0.8% increase in DPU to 1.31 Singapore cents from 1.30 Singapore cents on a 1H2021 pro forma basis.

"At this juncture, I would like to take this opportunity to thank our Unitholders for their unwavering support and vote of confidence in the Trust's strategic decision to acquire the Japan Nursing Homes at our recent EGM. These assets, strategically located in a developed healthcare market, will further bolster First REIT's income streams to deliver sustainable returns for our Unitholders. Moving forward, under the strategic pillars of our 2.0 Growth Strategy, we also intend to diversify our funding sources to enhance our capital structure, capitalise on relevant megatrends such as Environment Social Governance (ESG) and ageing population demographics factors to boost growth, as well as reshape our portfolio through the recycling of non-core and non-healthcare assets," said Mr Tan.

To further strengthen its capital structure, PT Tata Prima Indah (“PT TPI”), an indirect wholly-owned subsidiary of First REIT, had on 7 December 2021 entered into settlement agreements for the full and final settlement of any and all claims which PT TPI may have against PT Saputra Karya, an indirect wholly-owned subsidiary of PT Lippo Karawaci, in respect of the progress payments, interest and project expense relevant to the now terminated development works adjacent to Siloam Hospitals Surabaya. The settlement amount to be received is approximately S\$30.6 million, which will further strengthen the financial position of the Trust.

Outlook

Indonesia’s economy accelerated to 5.02% in the last quarter of 2021 compared to 3.51% growth in the previous quarter, following easing of social distancing restrictions improving domestic consumption and as exports surged on stronger commodity prices. For the full year of 2021, gross domestic product expanded 3.69% compared to a 2.07% contraction in 2020. However, outlook for 2022 is clouded by rising COVID-19 cases, falling commodity prices and tightening monetary and fiscal stimulus in the country.³

As the highly transmissible Omicron variant of the virus started to spread in December 2021, Indonesia has continued to step up its efforts in the fight against COVID-19 on all fronts including diagnostics, testing, tracing, treatment, activity restrictions and vaccination. According to Indonesia’s Health Ministry, as at 18 January 2022, it has administered more than 300 million doses of vaccines against the COVID-19 virus since the campaign began in 2021. This represents 72.0% of the target of 416.4 million doses which the government is aiming for in order to create “population immunity” against the virus, with 85.3% of the target population having received one dose and 58.1% having been fully vaccinated.⁴

In view of the evolving situation of the pandemic, First REIT’s assets continue to operate under strict precautionary measures while the hospitals operated under PT Siloam International Hospitals Tbk are contributing to Indonesia’s fight against the pandemic through the provision of testing services and healthcare professionals to assist in vaccination. Overall, private healthcare demand continues to remain supported over the long term and First REIT will continue to seek accretive prospects from its strong

³ 7 February 2022, Business Times, Indonesia’s GDP speeds up on easing Covid-19 curbs, brisk exports

⁴ 18 January 2022, Jakarta Globe, Indonesia Passes 300 Million Covid-19 Vaccine Doses

network of healthcare assets from its sponsor group, comprising OUE Limited and OUE LH, and also assets from third parties within and outside Asia to boost future growth.

For the Trust's new Japanese market, demand for nursing homes will continue to rise as Japan is poised to become the first "super-aged" nation in the world with a projection that approximately 35.5% of its population to be over the age of 65 by 2040. Additionally, the Japanese society has come to welcome the availability and use of elderly support facilities, driven by factors including long-term care insurance introduced by the government and shrinking household sizes in Japan.

Summary of Financial Results for the period ended 31 December 2021

(S\$'000)	2H 2021	2H 2020	Change (%)	FY 2021	FY 2020	Change (%)
Rental and Other Income	63,413⁽ⁱ⁾	41,021	54.6	102,346⁽ⁱ⁾	79,619	28.5
Net Property and Other Income	62,604⁽ⁱ⁾	39,937	56.8	100,216⁽ⁱ⁾	77,465	29.4
Distributable Amount	21,217	14,993	41.5	42,120	33,413	26.1
Distribution Per Unit (cents)	1.31⁽ⁱⁱ⁾	1.85	(29.2)	2.61⁽ⁱⁱ⁾	4.15	(37.1)
Adjusted Distribution Per Unit (cents)	2.56⁽ⁱⁱ⁾	1.85	38.4	5.12⁽ⁱⁱ⁾	4.15	23.4

Notes

- (i) Growth in 2H2021 and FY2021 Rental and Other Income and Net Property and Other Income were largely attributed to the accounting treatment under FRS116 - lease, the rental income from the Restructured MLAs with minimum 4.5% annual escalation, was recognised on a straight-line basis for the entire lease term.
- (ii) Distribution per unit is lower for 2H2021 mainly due to the issuance of 791,062,223 rights units on 24 February 2021. These new rights units are entitled to participate in the 1Q to 4Q 2021 distribution. If the new rights units issued on 24 February 2021 are excluded in the distribution computation, the adjusted distribution per unit is 2.56 cents for 2H2021 and 5.12 cents for FY2021.

Distribution Details

Distribution	1 October 2021 to 31 December 2021
Distribution type	(a) Taxable income (b) Capital distribution
Distribution rate	Total: 0.66 cents per unit (a) Taxable Income: 0.04 cents per unit (b) Tax-Exempt Income: 0.14 cents per unit (c) Capital: 0.48 cents per unit
Ex-distribution date	18 February 2022 at 9.00 am
Book closure date	21 February 2022 at 5.00 pm
Payment date	29 March 2022

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About First REIT

First Real Estate Investment Trust ("First REIT") is a real estate investment trust constituted by the Trust Deed entered into on 19 October 2006 between First REIT Management Limited (formerly Bowsprit Capital Corporation Limited) as the Manager and HSBC Institutional Trust Services (Singapore) Limited as the Trustee. First REIT was listed on the Singapore Exchange Securities Trading Limited on 11 December 2006. On 1 March 2018, HSBC Institutional Trust Services (Singapore) Limited retired as the Trustee of First REIT in favour of Perpetual (Asia) Limited.

First REIT is Singapore's first healthcare real estate investment trust that aims to invest in a diversified portfolio of income-producing real estate and / or real estate-related assets in Asia that are primarily used for healthcare and / or healthcare-related purposes.

Managed by First REIT Management Limited, First REIT has a portfolio of 19 properties with 12 hospitals, 2 integrated hospital & malls, 1 integrated hospital & hotel and 1 hotel & country club, located in Indonesia, and 3 nursing homes in Singapore.

Its hospital assets in Indonesia are operated by PT Siloam International Hospitals Tbk, a subsidiary of PT Lippo Karawaci Tbk, a strong brand name in the Indonesian healthcare industry supported by a team of international healthcare professionals whereas The Imperial Aryaduta Hotel & Country Club and Hotel Aryaduta Manado are operated by The Aryaduta Hotel and Resort Group. The Lippo Plaza Kupang and Lippo Plaza Buton are managed by PT Lippo Malls Indonesia. In Singapore, the nursing homes at Bukit Merah and Bukit Panjang are operated by Pacific Healthcare Nursing Home Pte. Ltd. and Pacific Eldercare and Nursing Pte. Ltd., respectively. The Lentor Residence is operated by The Lentor Residence Pte. Ltd.

Through First REIT, investors can participate in an asset class that has a focus towards Asia's growing healthcare sector, which is boosted by an increase in life expectancy in Indonesia and the rest of Southeast Asia.

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.