



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

BUSINESS UPDATE FOR 9M 2022

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 2022 (“**9M 2022**”).

1. Financial Results and Distribution Details

The Manager reported a distribution per unit (“**DPU**”) of 0.66 Singapore cents for the three months ended 30 September 2022 (“**3Q 2022**”) and 1.98 Singapore cents for 9M 2022. The payment date for 3Q 2022 DPU will be on 23 December 2022.

Summary of Financial Results for the period ended 30 September 2022

(\$'000)	9M 2022	9M 2021	Change (%)
Rental and Other Income ⁽ⁱ⁾	80,900	58,132	39.2
Net Property and Other Income ⁽ⁱ⁾	79,082	56,464	40.1
Distributable Amount ⁽ⁱ⁾	38,803	31,359	23.7
DPU (cents)	1.98	1.95	1.5
Annualised DPU (cents)	2.64	2.61 ⁽ⁱⁱ⁾	1.1

Notes

- (i) The year-on-year (“**y-o-y**”) increase in Rental and Other Income, Net Property and Other Income, and Distributable Amount was largely due to the contribution from the acquisition of subsidiaries with the 12 Japan properties in March 2022, the acquisition of two Japan properties in September 2022, as well as the recognition of the Financial Reporting Standards (“**FRS**”) 116 rental straight lining adjustments for the Indonesia hospital properties and Singapore properties.
- (ii) Includes 9M 2021 DPU of 1.95 cents and 4Q 2021 DPU of 0.66 cents

2. Business Update

In Japan, First REIT completed in March 2022 the acquisition of 12 well-established freehold nursing homes which are well-placed across Japan. First REIT also completed in September 2022 the acquisition of two Japan nursing homes, Loyal Residence Ayase (“**Ayase**”) in Kanagawa Prefecture and Medical Rehabilitation Home Bon Séjour Komaki (“**Komaki**”) in Aichi Prefecture.

In Indonesia, further progress was made on recycling capital. The strategic divestment of a mature asset Siloam Hospitals Surabaya through the divestment of 100.0% of the issued and paid-up share capital of PT Tata Prima Indah announced in May 2022, for approximately S\$40.9 million (the “**Divestment**”), was completed in September 2022. The settlement amount of S\$30.6 million in respect of the terminated development works adjacent to Siloam Hospitals Surabaya was received on 30 June 2022.

First REIT targets to increase its portfolio in developed markets to comprise more than 50% of Assets Under Management (“**AUM**”) by 2027. Following the acquisition of Ayase and Komaki as well as the Divestment, more than one-quarter of First REIT’s AUM are in developed markets.

As part of its strategy to diversify its funding sources and to ride on megatrends, First REIT secured a JPY1.66 billion non-recourse social loan from Shinsei Bank Limited (“**Shinsei Social Loan**”) on 29 September 2022, and the proceeds were used to partially fund the approximately JPY2.6 billion acquisition of Ayase and Komaki. This is the Trust’s second funding facility that ties financing to achieving specific social benefit outcomes that contribute to the United Nations Sustainable Development Goals. As at 30 September 2022, social loans and bonds comprised 26.1% of First REIT’s debt¹.

Separately, First REIT continued to strengthen its capital structure to remain resilient. First REIT made a cash offer in August 2022 to buy back its S\$60 million subordinated perpetual securities and successfully received acceptance of approximately 45% of the outstanding perpetual notes at the close of the offer on 2 September 2022. First REIT has also entered into S\$85 million interest rate swaps in September 2022 and S\$90 million interest rate caps in November 2022 which will be effective in December 2022. This lifts the proportion of debt as at 30 September 2022 on fixed rates to 61.7%².

3. Outlook

Tighter financial conditions along with rising inflation and ongoing geopolitical tensions have resulted in greater economic uncertainty and currency volatility globally. Coupled with the lingering impact from the COVID-19 pandemic as new variants such as XBB emerge, the economic environment remains challenging.

In anticipation of a worsening outlook, the government in Indonesia is preparing a series of stress tests³. The COVID-19 situation in Indonesia remains under control. With ongoing vaccination rollout, case numbers have fallen and quarantine requirements for vaccinated travellers have been eliminated.

¹ Comprises 22.5% from CGIF-Guaranteed Social Bond due April 2027 and 3.6% from Shinsei Social Loan due September 2026

² Proportion of debt on fixed and relatively stable rates is 88.6% after including 23.3% of debt from TMK bond due May 2025 and 3.6% of debt from Shinsei Social Loan due September 2026, both of which are denominated in Japanese Yen and pegged to the Tokyo Term Risk Free Rate

³ 12 October 2022, Business Times – Indonesian president to order stress test for economy amid global uncertainty

In Japan, where the currency depreciated to a 32-year low against the US dollar⁴, First REIT recently acquired two additional nursing homes that was partially funded by a yen-denominated social loan. The acquisitions reflect the Trust's confidence in the healthcare sector in Japan, buoyed by the megatrend of ageing population, and also acts as a natural hedge.

In Singapore, safe management measures at hospital wards and residential care homes have been reinstated following the recent spike in cases⁵. The government is closely monitoring the COVID-19 situation, and First REIT's nursing homes remain operational with precautions and measures in place.

Despite a challenging economic environment, First REIT will continue to harness its '2.0 Growth Strategy', ride on sustainability and demographics megatrends, actively manage currency risk and interest rate risk, and prioritise the sustainability of distributions to its unitholders.

4. Distribution Details

Summary of Distribution Details	
Distribution before issuance of consideration units	
Distribution	1 July 2022 to 30 September 2022
Distribution type	(a) Taxable income (b) Tax-exempt income (c) Capital distribution
Distribution rate	Total: 0.66 cents per unit (a) Taxable income distribution: 0.03 cents per unit (b) Tax-exempt income: 0.29 cents per unit (c) Capital distribution: 0.34 cents per unit
Ex-dividend date	15 November 2022 at 9.00 am
Book closure date	16 November 2022 at 5.00 pm
Payment date	23 December 2022

By Order of the Board

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

8 November 2022

⁴ 14 October 2022, Straits Times, Yen pushed to 32-year low against US dollar amid accelerating inflation

⁵ 12 October 2022, Channel News Asia – Curbs on number of visitors, duration of visits at hospitals and residential care homes as COVID-19 cases rise

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.