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First REIT

Facing ongoing FX headwinds

SINGAPORE | REAL ESTATE (REIT) | 1H25 RESULTS

1 August 2025

BUY (Maintained)

LAST CLOSE PRICE	SGD 0.27
FORECAST DIV	SGD 0.02
TARGET PRICE	SGD 0.31
TOTAL RETURN	23.3%

COMPANY DATA

BLOOMBERG CODE:	FIRT SP
O/S SHARES (MN) :	2,103
MARKET CAP ($ mn / SGD mn) :	441 / 568
52 - WK HI/LO (SGD) :	0.28 / 0.23
3M Average Daily T/O (mn) :	1.54

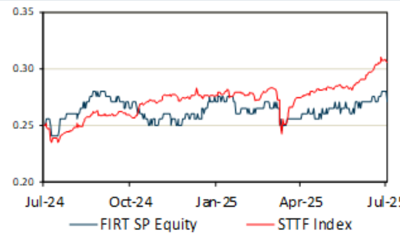
MAJOR SHAREHOLDERS (%)

OUE REALTY PTE LTD	35.1%
FIRST REIT MGMT LIMITED	9.9%
VANGUARD GROUP INC	1.9%

TOTAL RETURN (%)

	1MTH	3MTH	YTD
COMPANY	3.7	12.3	14.8
STTF	6.7	11.8	14.6

PRICE VS. STTF



Source: Bloomberg, PSR

KEY FINANCIALS

Y/E Dec (S$m)	FY23	FY24	FY25e	FY26e
Gross Revenue	108.6	102.2	99.7	100.6
NPI	105.3	98.5	96.1	96.9
Dist. Inc.	51.4	49.3	47.9	52.7
P/NAV (x)	0.89	0.94	0.93	0.93
DPU (S cents)	2.48	2.36	2.27	2.47
Dist. Yield (%)	9.19	8.74	8.39	9.16

Source: Company, PSR

VALUATION METHOD

DDM (Cost of Equity: 10.5%; Terminal g: 2%)

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- 2Q25/1H25 DPU of 0.55/1.13 Singapore cents (-8.3%/-5.8 YoY) was slightly below our estimates, forming 23%/48% of our FY25e forecast. The YoY decline in DPU was due to the depreciation of the IDR and JPY against the SGD, partially offset by higher rental income in local currency terms.
- Rental income from Indonesia and Singapore rose 5.5% and 2% respectively in local currency terms, while income from Japan remained stable. As of 30 June 2025, overdue rent from PT MPU stood at S$7.0mn (1Q25: S$5.8mn), with S$0.9mn received in July 2025.
- Maintain BUY with a lower DDM-derived target price of S$0.31 (prev. S$0.32). We trim our FY25e/26e DPU estimates by 3%/1% due to ongoing FX headwinds, particularly the weaker Rupiah. Despite this, FIRT offers an attractive FY25e DPU yield of 8.4%. It is undergoing a strategic review in response to Siloam's letter of intent (LOI) to acquire its Indonesian hospital assets, with no material updates as of 2Q25. In the meantime, organic growth will be driven by more Indonesian hospitals transitioning to performance-based rent from the current three.

Results at a glance

(S$'mn)	1H25	1H24	YoY	Comments
Gross revenue	**50.5**	**52.0**	**-2.9%**	**Impacted by the stronger SGD against the IDR and JPY, partially offset by higher rental income in local currency terms.**
Net property income	48.9	50.3	-2.7%	
Finance costs	(10.9)	(11.3)	-3.9%	Easing interest rate conditions.
Distributable Income	23.8	25.0	-4.8%	
DPU (S cts)	**1.13**	**1.20**	**-5.8%**	**2Q25 DPU was 0.55 Scents (1Q25: 0.58 Scents; 2Q24: 0.60 Scents).**

Source: Company, PSR

The Positives

+ Resilient operations. In 1H25, rental income from Indonesia grew 5.5% YoY in local currency terms, exceeding the 4.5% base rent escalation due to higher contributions from performance-based rent. Rental income in Singapore grew 2%, while income from Japan remained stable YoY in local currency terms.

+ Stable capital management. Gearing and adjusted ICR remains healthy at 41.2% and 3.7x, respectively, with no refinancing needs until May 2026. The cost of debt rose slightly to 4.8% (1Q25: 4.7%; 4Q24: 5%) due to higher loan drawdowns and increased amortisation of financing costs. With only 56.2% of debt hedged to fixed rates, we expect a marginal decline in interest costs in FY25e.

The Negative

- Rentals continue to be owed by MPU. As of 30 June 2025, rentals owed by MPU rose QoQ from S$5.8mn to S$7.0mn. However, there are encouraging signs as MPU made a S$0.9mn payment in July and has established an instalment plan to clear the outstanding balance over the coming months.

- FX remains the most significant headwind to DPU growth. FIRT maintains a hedging policy to hedge up to 50% of its currency exposure. As of June 2025, income from Japan is fully hedged through end-2025, while 50% of Indonesian income is hedged.

Outlook

While the strategic review is ongoing, FIRT continues to benefit from the 4.5% base rent escalation at its Indonesian hospitals, which may help offset the impact of IDR depreciation against the SGD, which fell c.4% YoY.

Maintain BUY with a lower DDM TP of S$0.31 (prev. S$0.32)

FIRT's long WALE of over 10 years and built-in base rental escalations continue to provide earnings stability.

Financials

Income statement

Y/E Dec, (S$'000)	FY22	FY23	FY24	FY25e	FY26e
Gross revenue	**111,275**	**108,568**	**102,211**	**99,722**	**100,566**
Property expenses	**(2,716)**	**(3,234)**	**(3,758)**	**(3,666)**	**(3,698)**
Net property income	**108,559**	**105,334**	**98,453**	**96,055**	**96,868**
Net Finance (Expense)/Inc.	(19,157)	(22,191)	(22,411)	(22,240)	(21,369)
Manager's fees	(4,041)	(3,713)	(3,729)	(3,607)	(3,676)
Other items	73,043	(8,202)	(7,875)	(7,712)	(7,770)
FV change, derivatives & ppties	(106,450)	6,988	(13,862)	-	-
Net income before tax	**51,954**	**78,216**	**50,576**	**62,496**	**64,054**
Taxation	(18,369)	(14,877)	(13,822)	(13,749)	(14,092)
Net income after Tax	33,585	63,339	36,754	48,747	49,962
Distribution adjustments	18,765	(11,890)	12,562	(893)	2,690
Income available for distribution	52,350	51,449	49,316	47,854	52,652

Per unit data

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
NAV (S$)	0.31	0.30	0.29	0.29	0.29
DPU (cents)	2.64	2.48	2.36	2.27	2.47

Cash Flow

Y/E Dec, (S$'000)	FY22	FY23	FY24	FY25e	FY26e
CFO					
Net income before tax	**51,954**	**78,216**	**50,576**	**62,496**	**64,054**
Adjustments	27,386	3,731	28,771	20,225	22,554
WC changes	28,339	136	(1,182)	8,852	(8,693)
Cash generated from ops	**107,679**	**82,083**	**78,165**	**91,574**	**77,915**
Others	(14,599)	(12,128)	(12,392)	(13,749)	(14,092)
Cashflow from ops	**93,080**	**69,955**	**65,773**	**77,825**	**63,823**
CFI					
Acquisitions	(25,777)	-	(75)	-	-
Capex, net	(4,306)	(4,923)	(5,859)	(5,749)	(5,824)
Others	12,424	300	420	435	398
Cashflow from investments	**8,118**	**(4,623)**	**(5,439)**	**(5,314)**	**(5,426)**
CFF					
Proceeds from issuance of units	-	-	-	-	-
Loans, net of repayments	(14,532)	2,365	4,446	-	-
Distributions	(49,489)	(52,136)	(50,109)	(47,854)	(52,652)
Others	(38,630)	(19,489)	(19,255)	(19,086)	(18,215)
Cashflow from financing	**(102,651)**	**(69,260)**	**(64,918)**	**(66,940)**	**(70,867)**
Net change in cash	**(1,453)**	**(3,928)**	**(4,584)**	**5,571**	**(12,470)**
Cash at the start of the period	51,203	46,103	40,266	34,674	40,245
FX changes	(3,647)	(1,909)	(1,008)	-	-
Ending cash	**46,103**	**40,266**	**34,674**	**40,245**	**27,775**

Source: Company, Phillip Securities Research (Singapore) Estimates

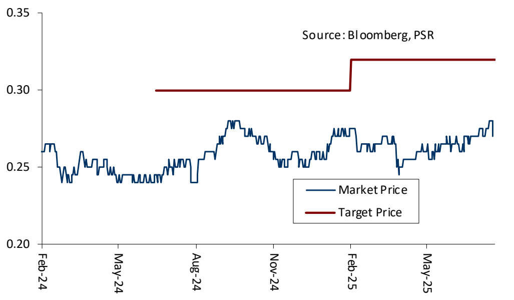
Balance Sheet

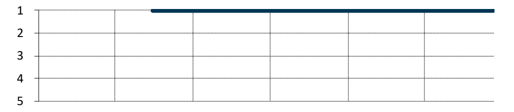
Y/E Dec, (S$'000)	FY22	FY23	FY24	FY25e	FY26e
ASSETS					
Investment properties	1,145,343	1,139,468	1,118,008	1,132,674	1,144,269
Others	1,262	1	64	-	-
Total non-current assets	**1,146,605**	**1,139,469**	**1,118,072**	**1,132,674**	**1,144,269**
Trade receivables	5,027	6,249	6,724	3,633	6,812
Cash	46,103	40,266	34,674	40,245	27,775
Others	890	1,347	1,031	1,047	1,047
Total current assets	**52,020**	**47,862**	**42,429**	**44,925**	**35,634**
Total Assets	**1,198,625**	**1,187,331**	**1,160,501**	**1,177,599**	**1,179,903**
LIABILITIES					
Loans and borrowings	1,453	920	880	880	880
Trade payables	14,994	12,402	12,641	18,419	12,904
Others	4,744	4,369	4,668	4,668	4,668
Total current liabilities	**21,191**	**17,691**	**18,189**	**23,967**	**18,452**
Loans and borrowings	449,613	448,926	452,602	452,602	452,602
Others	62,459	60,548	57,438	57,438	57,438
Total non-current liabilities	**512,072**	**509,474**	**510,040**	**510,040**	**510,040**
Total Liabilities	**533,263**	**527,165**	**528,229**	**534,007**	**528,492**
Net assets	665,362	660,166	632,272	643,592	651,411
Represented by:					
Unitholders' funds	665,362	660,166	632,272	643,592	651,411

Valuation Ratios

Y/E Dec	FY22	FY23	FY24	FY25e	FY26e
P/NAV (x)	0.88	0.89	0.94	0.93	0.93
Distribution Yield (%)	9.8	9.2	8.7	8.4	9.2
NPI yield (%)	10.3	9.2	8.7	8.5	8.5
Growth & Margins					
Growth					
Revenue	8.7%	-2.4%	-5.9%	-2.4%	0.8%
Net property income (NPI)	8.3%	-3.0%	-6.5%	-2.4%	0.8%
Distributable income	24.5%	-1.7%	-4.1%	-3.0%	10.0%
DPU	1.2%	-6.1%	-4.8%	-4.0%	9.1%
Margins					
NPI margin	97.6%	97.0%	96.3%	96.3%	96.3%
Key Ratios					
Net Debt or (Net Cash)	404,963	409,580	418,808	413,237	425,707
Gearing	37.6%	37.9%	39.1%	38.5%	38.4%

Ratings History





PSR Rating System

Total Returns	Recommendation	Rating
> +20%	Buy	1
+5% to +20%	Accumulate	2
-5% to +5%	Neutral	3
-5% to -20%	Reduce	4
< -20%	Sell	5

Remarks

We do not base our recommendations entirely on the above quantitative return bands. We consider qualitative factors like (but not limited to) a stock's risk reward profile, market sentiment, recent rate of share price appreciation, presence or absence of stock price catalysts, and speculative undertones surrounding the stock, before making our final recommendation

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