

BOWSPIRIT CAPITAL CORPORATION LIMITED
Company Registration No.: 200607070D
(As Manager Of First Real Estate Investment Trust)

**RESPONSES TO SGX REQUEST FOR CLARIFICATION ON BUSINESS TIMES ARTICLE ON
THE COMPANY PUBLISHED ON 26 JANUARY 2007**

In response to the Singapore Exchange Limited's request for clarification on Business Times article on the company published on 26 January 2007, the Board of Directors of Bowspirit Capital Corporation Limited (the "Company"), being the manager of First Real Estate Investment Trust ("First Reit") wishes to state as follows:

Quote from Straits Times article:

"INDONESIAN Lippo Group's First Real Estate Investment Trust (Reit) will double its portfolio size to \$500 million in the next three years and raise it further to \$1 billion in five years."

"The CEO of First Reit's manager Bowsprit Capital Corporation, Ronnie Tan, said the next acquisition will be a hospital in Medan, Indonesia, for less than \$30 million. And Lippo's property development arm Lippo Karawaci is developing three hospitals that could be injected into First Reit."

"Mr Tan said the Reit will also be looking at Malaysia, China and India for acquisitions, and he is currently in negotiations with three to four parties in China. First Reit may fund acquisitions in China through debt of up to \$50 million. This month, it established a \$90 million credit facility with OCBC Bank. Its current gearing is 16.6 per cent but this could go up to the maximum 35 per cent to fund future acquisitions, Mr Tan said."

"Mr Tan said the trust is looking at more opportunities here, including a government site in Jalan Jurong Kechil for the possible development of a nursing/retirement home. 'We are interested in the site and are currently looking for an operator,' he said. For Singapore at least, First Reit will look at acquiring more nursing homes. Mr Tan pointed out that Singapore now has about 3,200 private nursing homes."

The Company's Response:

Increase In Portfolio Size

The above-mentioned increase in portfolio size is an internal target set by the Management which the Management hopes to achieve.

Hospital In Medan

The above has been disclosed in the prospectus of First Reit, in particular, at pages 74 and 75. Other than the non-binding memorandum of understanding disclosed, no further agreements have been entered into between parties and parties are still in discussion and negotiations on the matter.

Lippo Karawaci's three hospitals

This was raised by First Reit's Sponsors, Lippo Karawaci as part of their healthcare expansion plan. Apart from Karawaci, the Sponsor, providing a possible pipeline of health care assets for First Reit, subject to all necessary approvals in due course, no terms and conditions have been finalized and no agreements have been entered into between any parties.

Acquisitions in Malaysia, China and India and Proposed Funding

The strategy to invest in the above-mentioned countries has been disclosed in the prospectus of First Reit, in particular, at page 72. As stated in the article, parties are only in negotiations. No terms and conditions have been finalized and no agreements have been entered into between parties. The above-mentioned funding of acquisitions in China through debt of up to \$50 million is an option which the Management may explore in the event of any acquisition and no concrete arrangements have been made other than the establishment of the \$90 million credit facility with OCBC Bank which was announced on SGXNET on 11 January 2007.

Site at Jalan Jurong Kechil and acquisition of more nursing homes

The above are opportunities which the Management are currently exploring. No terms and conditions have been finalized and no agreements have been entered into between any parties. The reported "3200 private nursing homes" should read as "3200 private nursing homes beds".

A copy of the email from SGX is attached to this Announcement.

Merrill Lynch (Singapore) Pte. Ltd. and Oversea-Chinese Banking Corporation Limited were the joint lead managers and underwriters of the initial public offering of units in First REIT.

By Order of the Board

Dr Ronnie Tan
Chief Executive Officer

Submitted on 26 January 2007 to the SGX.