



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

ANNOUNCEMENT

PROPOSED ACQUISITIONS, RIGHTS ISSUE AND RECEIPT OF APPROVAL IN-PRINCIPLE FOR THE LISTING OF NEW UNITS IN FIRST REIT

1. INTRODUCTION

Bowsprit Capital Corporation Limited, in its capacity as manager of First Real Estate Investment Trust ("**First REIT**" and as manager of First REIT, the "**Manager**"), is pleased to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of First REIT (the "**Trustee**"), has on 8 November 2010 entered into two conditional sale and purchase agreements (the "**Conditional SPAs**"):

- (i) with Wincatch Limited ("**Wincatch**") in relation to the acquisition of Mochtar Riady Comprehensive Cancer Centre ("**MRCCC**" and the acquisition of MRCCC, the "**MRCCC Acquisition**") (the "**MRCCC SPA**"); and
- (ii) with PT East Jakarta Medika ("**EJM**"), in relation to the acquisition of Siloam Hospitals Lippo Cikarang ("**SHLC**" and the proposed acquisition of SHLC, the "**SHLC Acquisition**") (the "**SHLC SPA**").

The Manager proposes to partially finance the MRCCC Acquisition and fully finance the SHLC Acquisition (collectively, the "**Acquisitions**") through the rights issue of 345,664,382 new units in First REIT ("**Units**" and the new Units, the "**Rights Units**") on a renounceable and underwritten basis to Eligible Unitholders (as defined herein) (the "**Rights Issue**" and together with the Acquisitions, the "**Transactions**") on a pro rata basis of five (5) Rights Units for every four (4) existing Units ("**Existing Units**", and the basis of the Rights Issue, the "**Rights Ratio**") held as at 5.00 p.m. on 3 December 2010 (the "**Rights Issue Books Closure Date**"), at an issue price of S\$0.50 per Rights Unit (the "**Issue Price**"), fractional entitlements to be disregarded, to raise approximately S\$172.8 million.

2. THE MRCCC ACQUISITION

2.1 Structure of the MRCCC Acquisition

The Manager is seeking to acquire MRCCC, which is located at Jalan Garnisun Dalam RT. 010/001 Kelurahan Karet Semanggi, Kecamatan Setiabudi, South Jakarta, Indonesia for a purchase consideration of approximately S\$170.5 million (the "**MRCCC Purchase Consideration**") from Wincatch, which is not related to either the Manager, the sponsor of First REIT, PT. Lippo Karawaci Tbk ("**Lippo**") or the Trustee¹. It is proposed that the MRCCC Acquisition be carried out by First REIT indirectly via the acquisition of Gold

¹ The beneficial owner of Wincatch is Werner Robert Seitschek who is also a 50.0% shareholder of Grunberger & Seitschek Group which specialises in the field of planning, development and commercialisation of high quality office buildings and is located at Fischmarkt 1, 6300 Zug, Switzerland.

Capital Pte. Ltd., a company incorporated in Singapore (“**Gold**”) which, directly and through its wholly-owned subsidiary, Higrade Capital Pte. Ltd., a company incorporated in Singapore (“**Higrade**”), wholly-owns PT Primatama Cemerlang, a company incorporated in Indonesia (“**PC**”) which in turn holds MRCCC. First REIT will, upon acquiring MRCCC, hold MRCCC under a ‘Right to Build’ (*Hak Guna Bangunan* or “**HGB**”) title² which will expire on 27 August 2015. **Appendix A** sets out a chart illustrating the structure under which MRCCC is proposed to be held by First REIT upon completion of the MRCCC Acquisition.

2.2 Valuation

Two independent property valuers, KJPP Willson & Rekan (“**W&R**”) and KJPP Rengganis, Hamid & Rekan (“**Rengganis**”), have been appointed by the Manager and the Trustee respectively, to value MRCCC.

The following table sets out the appraised values and the MRCCC Purchase Consideration:

Property	Appraised Value		Purchase Consideration (S\$ million)
	By W&R as at 6 September 2010	By Rengganis as at 6 September 2010	
	(S\$ million)	(S\$ million)	
MRCCC.....	216.0	208.5	170.5

2.3 MRCCC Acquisition Cost

The total cost of the MRCCC Acquisition, comprising the MRCCC Purchase Consideration, the acquisition fee in relation to the MRCCC Acquisition payable to the Manager pursuant to the trust deed dated 19 October 2006 constituting First REIT (as amended) (the “**Trust Deed**”) (which shall be payable in Units (the “**MRCCC Acquisition Fee Units**”)) as well as the professional and other fees and expenses in connection with the MRCCC Acquisition, is estimated to be approximately S\$174.6 million (the “**MRCCC Acquisition Cost**”).

2.4 Method of Financing

The Manager intends to finance the MRCCC Acquisition Cost in cash through a combination of the net proceeds from the Rights Issue and a new term loan facility of up to S\$50.0 million from Oversea-Chinese Banking Corporation Limited.

2.5 Conditions Precedent for the Completion of the MRCCC Acquisition

Completion of the sale and purchase of MRCCC under the MRCCC SPA is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 2.5.1 the approval by unitholders of First REIT (“**Unitholders**”) given at an extraordinary general meeting of Unitholders (“**EGM**”) for the MRCCC Acquisition;
- 2.5.2 the approval by Unitholders given at an EGM for the SHLC Acquisition;
- 2.5.3 the approval by Unitholders given at an EGM for the Rights Issue for purposes of

² In Indonesia, a HGB title is the closest form of land title to the internationally recognised concept of ‘leasehold’ title. A holder of the HGB title has the right to erect, occupy and use buildings on the parcel of land and sell all or part of such parcel. A HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term not exceeding 20 years.

part financing the Acquisitions³;

- 2.5.4 the approval by Unitholders given at an EGM for the Whitewash Resolution (as defined herein);
- 2.5.5 Wincatch having obtained from the National Land Office, the in-principle approval for the renewal of the HGB title in relation to MRCCC; and
- 2.5.6 there being no adverse change to the financial condition of Lippo (as the MRCCC master lessee) or its ability to make payment to First REIT under the MRCCC Master Lease Agreement (as defined herein).

2.6 Indemnity in relation to the MRCCC SPA

The Trustee has also entered into a deed of indemnity with PT. Metropolis Propertindo Utama pursuant to which PT. Metropolis Propertindo Utama will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the MRCCC SPA.

2.7 Master Lease

In relation to the MRCCC Acquisition, a conditional master lease agreement (the “**MRCCC Master Lease Agreement**”) has been entered into on 8 November 2010 between PC and Lippo (as the MRCCC master lessee) pursuant to which a master lease in relation to MRCCC is expected to be granted to Lippo (the “**MRCCC Master Lease**”) for a lease term of 15 years (subject to renewal of MRCCC’s HGB title), with an option to renew for a further term of 15 years.

The MRCCC Master Lease Agreement is subject to conditions precedent similar to those applicable to the MRCCC SPA as described in paragraph 2.5 above.

2.8 Interested Person Transaction

As at the date of this announcement, Lippo directly and/or through its subsidiaries and through its interest in the Manager, has deemed interests of (i) 21.74% in First REIT and (ii) 80.0% in the Manager, and is therefore regarded as a “controlling unitholder/shareholder” of First REIT as well as the Manager, under the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the Listing Manual of the SGX-ST, the “**Listing Manual**”).

For the purposes of Chapter 9 of the Listing Manual, Lippo (being a controlling Unitholder of First REIT and a controlling shareholder of the Manager) is an Interested Person⁴ of First REIT.

As such, the MRCCC Master Lease will constitute an Interested Person Transaction⁵ under Chapter 9 of the Listing Manual for which Unitholders’ approval is required. Accordingly, the approval of Unitholders will be sought for the MRCCC Acquisition.

For the avoidance of doubt, the MRCCC Acquisition is not an Interested Person Transaction or an Interested Party Transaction⁶ under the Listing Manual and Appendix 2

3 The net proceeds of the Rights Issue will be used to fully finance the SHLC Acquisition Cost and part finance the MRCCC Acquisition Cost.

4 “**Interested Person**” has the meaning ascribed to it in the Listing Manual.

5 “**Interested Person Transaction**” has the meaning ascribed to it in the Listing Manual.

6 “**Interested Party Transaction**” has the meaning ascribed to it in the Property Funds Appendix.

of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (“MAS”) in relation to real estate investment trusts (the “**Property Funds Appendix**”), respectively. The MRCCC Acquisition is also not a major transaction under Chapter 10 of the Listing Manual as it is within First REIT’s ordinary course of business.

3. THE SHLC ACQUISITION

3.1 Structure of the SHLC Acquisition

The Manager is also seeking to acquire SHLC which is located at Jalan Mohammad Husni Thamrin Kav.105, Lippo Cikarang, Bekasi 17550, Indonesia, for a purchase consideration of approximately S\$35.0 million (the “**SHLC Purchase Consideration**”) from EJM, which is 90.8% owned by Lippo.

For purposes of the SHLC Acquisition, First REIT has on 8 November 2010 acquired from Bridgewater International Ltd (which is a wholly-owned subsidiary of Lippo), a 100% equity interest in Platinum Strategic Investments Pte. Ltd., a company incorporated in Singapore (“**Platinum**”) for a nominal consideration of S\$1.00 (the “**Platinum Acquisition**”). Platinum and its wholly-owned subsidiary, Ultra Investments Pte. Ltd., a company incorporated in Singapore (“**Ultra**”) holds 95.0% and 5.0% respectively of PT Graha Pilar Sejahtera, a company incorporated in Indonesia (“**GPS**”) ⁷.

First REIT will acquire SHLC through GPS. First REIT will, upon acquiring SHLC, hold SHLC under a HGB title which will expire on 5 May 2023. **Appendix B** sets out a chart illustrating the structure under which SHLC will be held by First REIT upon completion of the SHLC Acquisition.

3.2 Valuation

Two independent property valuers, KJPP Damianus Ambur (“**Damianus**”) and W&R, were appointed by the Manager and the Trustee respectively, to value SHLC.

The following table sets out the appraised values and the SHLC Purchase Consideration:

Property	Appraised Value		Purchase Consideration
	By W&R as at 6 September 2010	By Damianus as at 6 September 2010	
	(S\$ million)	(S\$ million)	(S\$ million)
SHLC	40.0	41.3	35.0

3.3 SHLC Acquisition Cost

The total cost of the SHLC Acquisition, comprising the SHLC Purchase Consideration, the acquisition fee in relation to the SHLC Acquisition payable to the Manager pursuant to the

⁷ The respective issued share capital of Platinum and Ultra are one ordinary share of S\$1.00 each. The authorised and issued share capital of GPS are respectively:

- (i) Rp20,000,000,000 (twenty billion Rupiah) consisting of 20,000,000 (twenty million) shares, each share with the nominal value of Rp1,000 (one thousand Rupiah); and
- (ii) 12,500,000 (twelve million five hundred thousand) shares with a value of Rp12,500,000,000 (twelve billion five hundred million Rupiah).

Trust Deed (which shall be payable in Units (the “**SHLCC Acquisition Fee Units**”)⁸ as well as the professional and other fees and expenses in connection with the SHLC Acquisition, is estimated to be approximately S\$35.9 million (the “**SHLC Acquisition Cost**”).

3.4 Method of Financing

The Manager intends to fully finance the SHLC Acquisition Cost in cash from the net proceeds of the Rights Issue.

3.5 Conditions Precedent for the Completion of the SHLC Acquisition

Completion of the sale and purchase of SHLC under the SHLC SPA is conditional upon the fulfilment or waiver (as the case may be) of, among others, the following:

- 3.5.1 the approval by Unitholders given at an EGM for the SHLC Acquisition;
- 3.5.2 the approval by Unitholders given at an EGM for the MRCCC Acquisition;
- 3.5.3 the approval by Unitholders given at an EGM for the Rights Issue for purposes of part financing the Acquisitions;
- 3.5.4 the approval by Unitholders given at an EGM for the Whitewash Resolution; and
- 3.5.5 there being no adverse change to the financial condition of Lippo (being the SHLC master lessee) or its ability to make payment to First REIT under the SHLC Master Lease Agreement (as defined herein).

3.6 Indemnity in relation to the SHLC SPA

The Trustee has also entered into a deed of indemnity with Lippo pursuant to which Lippo will, subject to certain conditions, indemnify the Trustee against liabilities or damages suffered by the Trustee arising from the SHLC SPA.

3.7 Master Lease

In relation to the SHLC Acquisition, a conditional master lease agreement (the “**SHLC Master Lease Agreement**”) has been entered into on 8 November 2010 between GPS and Lippo (as the SHLC master lessee) pursuant to which a master lease in relation to SHLC is expected to be granted to Lippo (the “**SHLC Master Lease**”) for a lease term of 15 years (subject to renewal of SHLC’s HGB title), with an option to renew for a further term of 15 years.

The SHLC Master Lease Agreement is subject to conditions precedent similar to those applicable to the SHLC SPA as described in paragraph 3.5 above.

3.8 Interested Person/Party Transaction

As at the date of this announcement, Lippo directly and/or through its subsidiaries and through its interest in the Manager, has deemed/effective interests of (i) 90.8% in EJM (being the vendor of SHLC), (ii) 21.74% in First REIT and (iii) 80.0% in the Manager, and is therefore regarded as a “controlling unitholder/shareholder” of EJM, First REIT as well as the Manager, under both the Listing Manual and the Property Funds Appendix.

8 As the SHLC Acquisition will constitute an Interested Party Transaction under the Property Funds Appendix, the SHLC Acquisition Fee payable to the Manager will be in the form of the SHLC Acquisition Fee Units, which shall not be sold within one year from the date of issuance, in accordance with Paragraph 5.6 of the Property Funds Appendix.

For the purposes of Chapter 9 of the Listing Manual, EJM, being a subsidiary of (i) a controlling Unitholder of First REIT and (ii) a controlling shareholder of the Manager, is an Interested Person of First REIT. EJM is also an Interested Party⁹ of First REIT.

As such, the SHLC Acquisition will constitute an Interested Person Transaction under Chapter 9 of the Listing Manual and also an Interested Party Transaction under paragraph 5 of the Property Funds Appendix for which Unitholders' approval is required. The SHLC Master Lease will also constitute an Interested Person Transaction under Chapter 9 of the Listing Manual for which Unitholders' approval is required.

Accordingly, the approval of Unitholders will be sought for the SHLC Acquisition and the SHLC Master Lease.

4. THE RIGHTS ISSUE

The Manager proposes to issue 345,664,382 Rights Units through the fully underwritten and renounceable Rights Issue to Eligible Unitholders on a pro rata basis of five (5) Rights Units for every four (4) Existing Units held as at the Rights Issue Books Closure Date, at an issue price of S\$0.50 per Rights Unit, fractional entitlements to be disregarded.

4.1 Status of Rights Units

The Rights Units will, upon allotment and issue, rank pari passu in all respects with the Existing Units in issue as at the date of issue of the Rights Units.

4.2 Eligible Unitholders

The Rights Units will be issued to eligible Unitholders, being Unitholders with Units standing to the credit of their Securities Account and whose registered addresses with The Central Depository (Pte) Limited ("**CDP**") are in Singapore as at the Rights Issue Books Closure Date or who have, at least three Market Days¹⁰ prior to the Rights Issue Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents and such Unitholders who the Manager, on behalf of First REIT, and in consultation with Oversea-Chinese Banking Corporation Limited and Credit Suisse (Singapore) Limited, as the joint lead managers and underwriters for the Rights Issue (the "**Joint Lead Managers and Underwriters**"), in its sole discretion determine, may be offered Rights Units without breaching applicable securities laws ("**Eligible Unitholders**").

The number of Rights Units to be provisionally allotted for every Existing Unit held will be set out in the notification to Unitholders stating the Rights Issue Books Closure Date (the "**Notice of Rights Issue Books Closure Date**"), which will be released prior to the date of the EGM.

4.3 Gross Proceeds and Number of Rights Units

The Rights Issue is expected to raise gross proceeds of approximately S\$172.8 million. The final amount of proceeds will vary depending on the actual Issue Price and the actual Rights Ratio.

The Manager intends to issue 345,664,382 Rights Units. The exact number of Rights Units that will be issued pursuant to the Rights Issue shall be set out in the offer information statement in connection with the Rights Issue to be lodged with the MAS and issued to

⁹ "**Interested Party**" has the meaning ascribed to it in the Property Funds Appendix.

¹⁰ "**Market Day**" refers to any day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the SGX-ST is open for trading.

Eligible Unitholders (the “**Offer Information Statement**”).

4.4 Discount

Based on an illustrative Issue Price of S\$0.50, the illustrative Issue Price represents a discount of approximately 47.37% to the closing price of S\$0.95 per Unit based on all trades in the Units on the SGX-ST for the full Market Day on 4 November 2010 (the “**Closing Price**”)¹¹.

The illustrative Rights Issue Price also represents a discount of approximately 28.57% to the theoretical ex-rights price (“**TERP**”) of approximately S\$0.70 per Unit. The TERP is calculated as follows:

$$\text{TERP} = \frac{\text{Market Capitalisation of First REIT}^{12} + \text{Gross proceeds from the Rights Issue}}{\text{Units outstanding after the Rights Issue}^{13}}$$

4.5 Excess Rights Units and Nil-Paid Rights

Eligible Unitholders are at liberty to accept in part or in full, decline, renounce or trade on the SGX-ST (during the “nil-paid” rights trading period prescribed by the SGX-ST) their provisional allotments of Rights Units and are eligible to apply for Rights Units in excess of their provisional allotments of Rights Units (the “**Excess Rights Units**”) at the Issue Price. In the allotment of Excess Rights Units, preference will be given to rounding of odd lots followed by allotment to the Unitholders who are neither Substantial Unitholders¹⁴ nor directors of the Manager (“**Directors**”). Lippo, the Subscribing Subsidiaries (as defined herein), other Substantial Unitholders and Directors will rank last in priority.

4.6 Underwriting of the Rights Issue

The Rights Issue is fully underwritten by the Joint Lead Managers and Underwriters on the terms and subject to the conditions of an underwriting agreement entered into between the Manager and the Joint Lead Managers and Underwriters on 8 November 2010 (the “**Underwriting Agreement**”). Pursuant to the Underwriting Agreement, the Joint Lead Managers and Underwriters have agreed, subject to the terms and conditions of that agreement to subscribe for and/or procure the subscription for, at the Issue Price, the Rights Units for which valid applications have not been submitted. The Joint Lead Managers and Underwriters will be entitled to the following:

- (i) 0.50% of the total gross proceeds raised from the Rights Issue as management commission;
- (ii) 1.50% of the Issue Price multiplied by the number of Proportionate Rights Units (as defined herein) of 75,164,382 Units representing approximately 21.74% of the Rights Units (which is equivalent to approximately S\$0.56 million);
- (iii) 2.0% of the Issue Price multiplied by the number of Commitment Rights Units (as defined herein) of 135,250,000 Units representing approximately 39.13% of the Rights Units (which is equivalent to approximately S\$1.35 million); and

¹¹ For illustrative purposes, the Closing Price is the closing price on 4 November 2010 of S\$0.95 per Unit.

¹² Market capitalisation of First REIT on 4 November 2010 was S\$262.7 million.

¹³ Comprising Existing Units as at the date of this announcement and Rights Units.

¹⁴ “**Substantial Unitholders**” refers to Unitholders with an interest in more than 5.0% of all Units in issue.

- (iv) 2.0% of the Issue Price multiplied by the difference between the total number of Rights Units and the sum of the number of Proportionate Rights Units and Commitment Rights Units of 135,250,000 Units representing approximately 39.13% of the Rights Units (which is equivalent to approximately S\$1.35 million),

together with any goods and services tax payable thereon (paragraphs (ii), (iii) and (iv) above are collectively referred to as the “**Underwriting Commission**”).

It should be noted that the Underwriting Agreement may be terminated upon the occurrence of certain events, including those of a force majeure nature, but the Joint Lead Managers and Underwriters will not be entitled to rely on force majeure to terminate the Underwriting Agreement on or after the date on which ex-rights trading commences, in compliance with Rule 818 of the Listing Manual.

4.7 Commitment by Lippo

To demonstrate its support for First REIT and the Rights Issue, Lippo, which owns an aggregate indirect interest in 60,131,506 Units¹⁵ (comprising approximately 21.74% of the total number of Units in issue) as at the date of this announcement, has on 8 November 2010:

- (i) provided an irrevocable undertaking to the Manager and the Joint Lead Managers and Underwriters (the “**Irrevocable Undertaking**”), that it will take up its pro rata entitlement of 75,164,382 Rights Units, representing 21.74% of the total number of Rights Units in proportion to its unitholdings as at the date of the Irrevocable Undertaking (the “**Proportionate Rights Units**”), subject to the passing of the Whitewash Resolution; and
- (ii) entered into a commitment agreement (the “**Commitment Agreement**”) with the Joint Lead Managers and Underwriters, pursuant to which Lippo agreed either directly or indirectly through one or more of the existing subsidiaries of Lippo (including Bowsprit Capital Corporation Limited) and/or new subsidiaries set up by Lippo to hold Units, (collectively, the “**Subscribing Subsidiaries**” and together with Lippo, the “**Lippo Entities**”) to subscribe for up to 135,250,000 Rights Units representing 50.0% of the difference between the total number of Rights Units and the number of Proportionate Rights Units (the “**Commitment Rights Units**”), subject to the passing of the Whitewash Resolution.

Under the terms of the Irrevocable Undertaking and the Commitment Agreement, the Lippo Entities may subscribe for up to 210,414,382 Rights Units being approximately 61.0% of the total number of Rights Units.

Pursuant to the Commitment Agreement, the Joint Lead Managers and Underwriters agree to pay to Lippo from the Underwriting Commission:

- (a) a fee of 1.50% of the Issue Price multiplied by the number of Proportionate Rights Units of 75,164,382 Units, representing approximately 21.74% of the Rights Units (which is equivalent to approximately S\$0.56 million); and
- (b) a fee of 1.50% of the Issue Price multiplied by the number of Commitment Rights Units of approximately 135,250,000 Units, representing 39.13% of the Rights Units (which is equivalent to approximately S\$1.01 million),

¹⁵ Lippo is deemed to be interested in (i) 55,000,000 Units held by its indirect wholly owned subsidiary, Bridgewater International Ltd and (ii) 5,131,506 Units held by the Manager.

together with any goods and services tax payable thereon (the “**Sub-Underwriting Fee**”).

The Sub-Underwriting Fee payable to Lippo will be paid by the Joint Lead Managers and Underwriters from the Underwriting Commission and the percentage level of the commission payable by the Joint Lead Managers and Underwriters to Lippo pursuant to the Commitment Agreement will not be more than the percentage level of the commission which the Joint Lead Managers and Underwriters receive pursuant to the Underwriting Agreement.

The Manager believes that the Commitment Agreement will enhance the chances of a successful Rights Issue. Given the recent months of market uncertainty and volatility and the resulting challenging market conditions, the execution risks posed by the long rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if Lippo enters into the Commitment Agreement and provides the Irrevocable Undertaking. As Lippo is making an upfront commitment in relation to its *pro rata* entitlements, it will be forgoing its ability to trade its Rights Entitlements and will be subject to market risks in relation to such commitment from the point of entry into the Irrevocable Undertaking and the Commitment Agreement.

4.8 Approval in-Principle

The Manager is pleased to announce that the SGX-ST has given its approval in-principle for the listing and quotation of the Rights Units on the Main Board of the SGX-ST.

The SGX-ST’s in-principle approval is not an indication of the merits of the Rights Issue, the Rights Units, First REIT and/or its subsidiaries.

The listing approval is subject to, among others, the following conditions:

- (i) compliance with the SGX-ST’s listing requirements and guidelines;
- (ii) Unitholders’ approval of the MRCCC Acquisition, the SHLC Acquisition, the Rights Issue and the Whitewash Resolution;
- (iii) a written undertaking from the Manager that it will make periodic announcements on the use of the proceeds from the Rights Issue and that it will provide a status report on the use of the proceeds in the annual report;
- (iv) a written undertaking from the Manager that in the allotment of any Excess Rights Units, preference will be given to the rounding of odd lots, and Directors and Substantial Unitholders will rank last in priority;
- (v) a written confirmation from financial institution(s) that Lippo who has given the irrevocable undertaking has sufficient financial resources to fulfill its obligations under its undertakings; and
- (vi) submission of the notification referred to in Rule 864(4) of the Listing Manual, if applicable, upon any significant changes affecting the matter in the application for the listing and quotation of the Rights Units.

4.9 Board Confirmation

The Board of Directors of the Manager (the “**Board**”) has considered the terms of the:

- (i) Underwriting Agreement (including the commission payable to the Joint Lead Managers and Underwriters) and is of the view that it has been entered into on an

arm's length basis and on normal commercial terms; and

- (ii) the Commitment Agreement (including the Sub-Underwriting Fee payable to Lippo) and is of the view that the terms are fair, and not prejudicial to First REIT and to other Unitholders and are in the interest of First REIT and its Unitholders as a whole,

on the basis that:

- (a) given the recent months of market uncertainty and volatility and the resulting challenging market conditions, the execution risks posed by the long rights issue execution period and the likely material adverse consequences of an unsuccessful rights issue, it is important for the Rights Issue to be underwritten;
- (b) the Joint Lead Managers and Underwriters have indicated that they will only underwrite the Rights Issue if Lippo enters into the Commitment Agreement and provides the Irrevocable Undertaking and that the entry into of the Commitment Agreement and the provision of the Irrevocable Undertaking will facilitate the underwriting of the Rights Issue by the Joint Lead Managers and Underwriters, thereby enhancing the chances of a successful Rights Issue; and
- (c) as Lippo is making an upfront commitment in relation to taking up its pro rata entitlements, it will be forgoing its ability to trade its Rights Entitlements and will be subject to market risks in relation to such commitment from the point of entry into the Irrevocable Undertaking and the Commitment Agreement.

None of the Directors dissented with the above opinion.

The Directors of the Manager who own Units as at the date of this announcement (being Mr Albert Saychuan Cheok and Dr Ronnie Tan Keh Poo) have indicated that they intend to fully take up their pro rata entitlements under the Rights Issue.

5. WHITEWASH RESOLUTION

The Manager proposes to seek approval from Independent Unitholders for a waiver of their right to receive a mandatory offer pursuant to the Singapore Code on Take-overs and Mergers (the “**Code**”, and a mandatory offer pursuant to Rule 14 of the Code, a “**Mandatory Offer**”) from Lippo and parties acting in concert with Lippo for the remaining issued Units not owned or controlled by Lippo and parties acting in concert with Lippo, that may be triggered as a result of:

- (i) the Lippo Entities taking up any Proportionate Rights Units under the Irrevocable Undertaking and subscribing for Commitment Rights Units under the Commitment Agreement; and/or
- (ii) the Lippo Entities applying for any Excess Rights Units under the Rights Issue; and/or
- (iii) the Lippo Entities acquiring any “nil-paid” rights entitlements on the open market during the “nil-paid” rights trading period under the Rights Issue or otherwise by way of private arrangement (the “**Lippo Nil-Paid Rights**”); and/or
- (iv) the Manager receiving, in its own capacity, the MRCCC Acquisition Fee Units and/or the SHLC Acquisition Fee Units,

(collectively, the “**Unit Acquisitions**” and the waiver sought from Independent Unitholders pursuant to the Unit Acquisitions, the “**Whitewash Resolution**”).

An application was made to the SIC on 24 September 2010 for the waiver of the obligation of Lippo and parties acting in concert with Lippo to make a Mandatory Offer should the obligation to do so arise as a result of the Unit Acquisitions. The SIC granted the waiver on 4 November 2010, subject to the satisfaction of certain conditions.

Details of the Whitewash Resolution will be set out in the Unitholders’ circular to be issued in relation to the Transactions (the “**Unitholders’ Circular**”).

6. RATIONALE FOR THE TRANSACTIONS

The Manager believes that the Transactions will bring, among others, the following key benefits to Unitholders:

6.1 Opportunity to purchase attractive and high quality properties at prices below valuation

The proceeds raised from the Rights Issue will be used to part finance the Acquisitions, which represent an opportunity for First REIT to acquire attractive and high quality hospitals of international standards at prices below the independent valuations of the Properties. MRCCC will be acquired at a discount of 19.7% to the average of the independent valuations by W&R and Rengganis and SHLC will be acquired at a discount of 13.8% to the average of the independent valuations by Damianus and W&R.

6.2 Increased income stability of First REIT through the MRCCC Master Lease Agreement and the SHLC Master Lease Agreement and increase in First REIT’s weighted average lease expiry

The MRCCC Master Lease and the SHLC Master Lease will be beneficial to First REIT as MRCCC and SHLC (collectively, the “**Properties**”) are expected to provide stability in First REIT’s Gross Rental Income¹⁶ over the next 15 to 30 years. The step-up feature of the base and variable rental components under the MRCCC Master Lease Agreement and the SHLC Master Lease Agreement would also provide locked-in organic growth in First REIT’s cash flow. To ensure stability in First REIT’s Gross Rental Income from the Properties, security deposits equivalent to 6 months of (i) MRCCC’s annual rental payable (amounting to S\$9,317,500) and (ii) SHLC’s annual rental payable (amounting to S\$1,884,000) will be made to First REIT in the form of bankers’ guarantee. Such security deposit amounts will be adjusted at relevant rent review dates.

The Acquisitions are also in line with the Manager’s acquisition growth strategy of pursuing opportunities for asset acquisitions that will provide stable cash flows and returns relative to First REIT’s cost of capital and opportunities for future income and capital growth.

Currently, the master leases of the properties in First REIT’s existing portfolio (“**Existing Portfolio**”) are between 10 to 15 years. With the Acquisitions, First REIT will benefit from the increase in the Enlarged Portfolio’s weighted average lease to expiry based on secured Gross Rental Income with MRCCC being the main contributor to the total Gross Rental Income under the MRCCC Master Lease Agreement. The weighted average lease expiry of the Enlarged Portfolio will increase to approximately 12.4 years after the

16 “**Gross Rental Income**” refers to contracted rent under the master lease agreements in relation to First REIT’s enlarged portfolio after the Acquisitions (“**Enlarged Portfolio**”) which comprises base rent and variable rent (where applicable).

completion of the Acquisitions from approximately 10.6 years from that of the Existing Portfolio as at 30 September 2010.

6.3 Unique opportunity to acquire two quality hospitals in Jakarta, Indonesia

The Manager is of the view that this is a unique opportunity to acquire quality hospitals in prime locations in Indonesia. MRCCC, Indonesia's first international standard private comprehensive cancer treatment centre, is well-positioned for the upper-income segment of the hospitality market. SHLC, is also well positioned for the growing residential and industrial areas of East Jakarta.

6.4 Increased absolute size of First REIT's asset base which may raise the profile of First REIT among global investors and increased portfolio size enhances First REIT's competitive positioning and ability to pursue future acquisitions

First REIT's asset size will grow from S\$346.1 million (as at 30 September 2010) to S\$603.4 million after the completion of the Acquisitions. The value of First REIT's Deposited Property¹⁷ is expected to increase by 71.3% from S\$359.3 million as at 30 September 2010 to S\$615.6 million after the completion of the Acquisitions and there will also be a 58.7% increase in the total gross floor area to 132,696.2 sq m after the completion of the Acquisitions from 83,638.2 sq m before the Acquisitions.

The larger asset base is expected to enhance First REIT's overall capital management flexibility, which will, among others, facilitate future acquisitions by First REIT.

The MRCCC Acquisition and the SHLC Acquisition are expected to benefit Unitholders by improving diversification of Gross Rental Income due to an increased number of tenants. With an enlarged asset base, the operator of the Properties will also enjoy greater operating synergies in the long term which would indirectly benefit First REIT through higher variable rent and potential capital appreciation.

6.5 Increased market capitalisation and potential increased liquidity through the Rights Issue

To part finance the Acquisitions¹⁸, up to 345,664,382 Rights Units will be issued. The Rights Units will constitute 125.0% of the Units in issue as at the date of this announcement. The issue of the Rights Units is expected to increase the market capitalisation of First REIT and will increase the number of Units in issue. This may therefore facilitate improvement in the trading liquidity of Units on the SGX-ST.

With the increased market capitalisation and liquidity of First REIT, the Manager believes that First REIT's competitive positioning with respect to its acquisition growth strategy will be enhanced and that the profile of First REIT among investors will be raised.

6.6 The Acquisitions would enable First REIT to grow through the acquisition of a portfolio of hospitals which enhances the diversification of First REIT's portfolio across locations and medical specialisations

The Properties are located in Indonesia in which First REIT already operates and are an extension of First REIT's Existing Portfolio.

¹⁷ "Deposited Property" refers to the gross assets of First REIT, including First REIT's properties and authorised investments for the time being held or deemed to be held upon the trusts under the Trust Deed.

¹⁸ The net proceeds of the Rights Issue will be used to fully finance the SHLC Acquisition Cost and part finance the MRCCC Acquisition Cost.

MRCCC will be the first private cancer centre and treatment facilities with the most complete state-of-the-art equipments and the latest generation of smart IT-systems in Indonesia while SHLC is providing a broad range of quality general and specialist services, including Accident and Emergency services with Centres of Excellence in Urology, Internal Medicine and Trauma.

Additionally, MRCCC which is located in the central business district, South Jakarta, is highly accessible via public and private transportation and is surrounded by major 5-star international hotels, allowing the hospital to cater to both local and international cancer patients while SHLC which is located in east Jakarta caters to the growing residential and industrial area in East Jakarta. The above qualities of the Properties are expected to enhance the diversification of First REIT's portfolio across locations and medical specialisations.

6.7 Increase in attractiveness of the Enlarged Portfolio given the reduction in the weighted average age of the properties in the Enlarged Portfolio after the completion of the Acquisitions

The Enlarged Portfolio will be attractive given that MRCCC, which will begin operations in December 2010, is expected to be Indonesia's first international standard private comprehensive cancer treatment centre. It will be a 29-storey, 160-bed hospital with two basement levels, situated near Plaza Semanggi, the Aryaduta Suites Hotel Semanggi and other international five-star hotels in the central business district, South Jakarta.

Additionally, SHLC, which began operations in 2002, is a six-storey hospital (with a basement and a covered roof space) which will accommodate 75 beds by the end of 2010¹⁹. It is situated in the growing residential and industrial areas of East Jakarta and is committed to providing a broad range of quality general and specialist services, including Accident and Emergency services with Centres of Excellence in Urology, Internal Medicine and Trauma. As at 30 September 2010, the weighted average age of properties of the Enlarged Portfolio will decrease from 18.0 years to 12.1 years. This represents a 32.8% reduction from that of the Existing Portfolio.

7. PRO FORMA FINANCIAL EFFECTS OF THE TRANSACTIONS

7.1 Pro Forma Financial Effects

The pro forma financial effects of the Acquisitions and the Rights Issue presented below are strictly for illustrative purposes only and were prepared based on:

- (i) First REIT's audited consolidated financial statements for the financial year ended 31 December 2009 ("**FY2009**", and the audited consolidated financial statements for FY2009 (the "**FY2009 Audited Consolidated Financial Statements**");
- (ii) First REIT's unaudited financial statements for the nine-month period ended 30 September 2010 (the "**9M2010 Unaudited Financial Statements**"),

and assuming:

- (a) the Properties will be acquired for an aggregate purchase consideration of S\$205.5 million;

19 SHLC's current capacity is 58 beds. Asset enhancement is currently undergoing to expand SHLC's capacity to 75 beds by the end of 2010.

- (b) 345,664,382 Rights Units are issued at an Issue Price of S\$0.50 per Rights Unit;
- (c) First REIT will upon completion of the Acquisitions, revalue the Properties to the fair value of S\$257.3 million, based on the valuation of the Properties by the independent valuers appointed by the Manager²⁰;
- (d) approximately 2.9 million new Units are issued as payment for the MRCCC Acquisition Fees and the SHLC Acquisition Fees payable to the Manager based on the TERP of S\$0.70 per Unit;
- (e) a four-year loan of S\$40.4 million is required to part finance the MRCCC Acquisition and will be repaid on maturity of the loan;
- (f) cost of borrowings of S\$1.0 million is amortised over term of loan.

7.2 Financial Year ended 31 December 2009

Pro Forma DPU and distribution yield

The pro forma financial effects of the Acquisitions on the distribution per Unit (“DPU”) and distribution yield for FY2009, as if First REIT had purchased the Properties and completed the Rights Issue on 1 January 2009, and held and operated the Properties through to 31 December 2009, are as follows:

	For the 12 months ended 31 December 2009	
	Before the Transactions ⁽¹⁾	After the Transactions
Distributable income (S\$'000).....	20,964	38,542
Units in issue and to be issued ('000) .	275,474	624,104
DPU (cents)	7.62	6.18
Distribution yield (%)	8.02 ⁽²⁾	8.83 ⁽³⁾

Notes:

- (1) Based on the FY2009 Audited Consolidated Financial Statements.
- (2) Based on the actual DPU divided by the Closing Price of S\$0.95 per Unit as at 4 November 2010.
- (3) Based on the adjusted DPU divided by the TERP of S\$0.70 per Unit.

Pro forma NAV per Unit

The pro forma financial effects of the Acquisitions on the net asset value (“NAV”) per Unit as at 31 December 2009, as if First REIT had purchased the Properties and completed the Rights Issue on 31 December 2009 are as follows:

	As at 31 December 2009	
	Before the Transactions ⁽¹⁾	After the Transactions
NAV (S\$'000).....	271,027	474,200
Units in issue and to be issued ('000) .	275,474	624,104
NAV per Unit (S\$)	0.98	0.76

Note:

- (1) Based on the FY2009 Audited Consolidated Financial Statements.

20 The Manager appointed W&R to value MRCCC and Damianus to value SHLC.

Pro forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 31 December 2009, as if First REIT had purchased the Properties and completed the Rights Issue on 31 December 2009.

	As at 31 December 2009	
	Actual	As Adjusted for the Transactions
	(S\$ '000)	(S\$ '000)
Short-term debt:		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
Long-term debt:		
Unsecured	-	-
Secured	52,301	91,723
Total long-term debt	52,301	91,723
Total debt	52,301	91,723
Unitholders funds	271,027	474,200
Total Capitalisation	323,328	565,923

7.3 Nine Months ended 30 September 2010

Pro Forma DPU and distribution yield

The pro forma financial effects of the Acquisitions on the DPU and distribution yield for FY2009, as if First REIT had purchased the Properties and completed the Rights Issue on 1 January 2010, and held and operated the Properties through to 30 September 2010, are as follows:

	For the nine months ended 30 September 2010	
	Before the Transactions ⁽¹⁾	After the Transactions
Distributable amount (S\$'000)	15,900	29,579
Units in issue and to be issued ('000) .	276,281	624,911
DPU (cents)	5.76	4.73
Distribution yield (%)	6.06 ⁽²⁾	6.76 ⁽³⁾

Notes:

(1) Based on the 9M2010 Unaudited Financial Statements.

(2) Based on the actual DPU divided by the Closing Price of S\$0.95 per Unit as at 4 November 2010.

(3) Based on the adjusted DPU divided by the TERP of S\$0.70 per Unit.

Pro forma NAV per Unit

The pro forma financial effects of the Acquisitions on the NAV per Unit as at 30 September 2010, as if First REIT had purchased the Properties and completed the Rights Issue on 30 September 2010, are as follows:

	As at 30 September 2010	
	Before the Transactions ⁽¹⁾	After the Transactions
NAV (S\$ '000).....	270,122	473,295
Units in issue and to be issued ('000) ...	276,281	624,911
NAV per Unit (S\$)	0.98	0.76

Note:

(1) Based on the 9M2010 Unaudited Financial Statements.

Pro forma capitalisation

The following table sets forth the pro forma capitalisation of First REIT as at 30 September 2010, as if First REIT had purchased the Properties and completed the Rights Issue on 30 September 2010.

	As at 30 September 2010	
	Actual	As Adjusted for the Transactions
	(S\$ '000)	(S\$ '000)
Short-term debt:		
Unsecured	-	-
Secured	-	-
Total short-term debt	-	-
Long-term debt:		
Unsecured	-	-
Secured	56,847	96,269
Total long-term debt	56,847	96,269
Total debt	56,847	96,269
Unitholders funds	270,122	473,295
Total Capitalisation	326,969	569,564

8. OTHER INFORMATION

8.1 Relative Figures Computed on the Bases set out in Rule 1006 of the Listing Manual

The relative figures for the Acquisitions computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

- (i) the net profits attributable to the assets acquired, compared with First REIT's net profits; and

- (ii) the aggregate value of the consideration given, compared with First REIT's market capitalisation.

Comparison of:	The Properties	First REIT	Relative Figure
Net Property Income ⁽¹⁾	MRCCC : S\$18.6 million SHLC: S\$3.7 million Total Net Property Income of the Properties : S\$22.3 million ⁽²⁾	S\$29.9 million ⁽³⁾	62.2% 12.4% 74.6%
Purchase Consideration against First REIT's market capitalisation	MRCCC: S\$170.5 million SHLC: S\$35.0 million Total Purchase Consideration of the Properties : S\$205.5 million ⁽⁴⁾	First REIT's market capitalisation: S\$262.7 million ⁽⁵⁾⁽⁶⁾	64.9% 13.3% 78.2%

Notes:

- (1) In the case of a real estate investment trust, the net property income is a close proxy to the net profits attributable to its assets.
(2) Based on an assumed net rental of approximately S\$22.3 million under the master leases of the Properties, less property expenses.
(3) Based on the FY2009 Audited Consolidated Financial Statements.
(4) Does not include transaction costs.
(5) Based on the closing price of S\$0.95 per Unit on the SGX-ST on 4 November 2010.
(6) Based on Units in issue as at 4 November 2010.

8.2 Interests of Directors and Substantial Unitholders²¹

8.2.1 Interests of Directors of the Manager

As at the date of this announcement, the details of the unitholdings of the Directors are as follows:

Director	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾	No. of Units	%
Mr Albert Saychuan Cheok	200,000	0.07	-	-	200,000	0.07
Mr Goh Tiam Lock	-	-	-	-	-	-
Mr Markus Parmadi	-	-	-	-	-	-
Mr Mag Rainer Silhavy	-	-	-	-	-	-
Mr Douglas	-	-	-	-	-	-

²¹ "Substantial Unitholders" refers to Unitholders with an interest in more than 5.0% of all Units in issue.

Chew

Dr Ronnie

Tan Keh - - 552,000⁽²⁾ 0.20 552,000 0.20

Poo

Note:

- (1) Percentage interest is based on 276,531,506 Units in issue as at the date of this announcement.
 (2) Dr Ronnie Tan Keh Poo is deemed to be interested in (i) 425,000 Units held by his nominee, OCBC Nominees Singapore Pte. Ltd., (ii) 40,000 Units held by his nominee, CIMB Securities (Singapore) Pte. Ltd. and (iii) 87,000 Units held by OCBC Nominees Singapore Pte Ltd, as the nominee of his spouse Mdm Law Deborah.

Save as disclosed above and based on information available to the Manager, none of the Directors has an interest, direct or indirect, in the MRCCC Master Lease, the SHLC Master Lease and the SHLC Acquisition.

8.2.2 Interests of Substantial Unitholders

As at the date of this announcement, the details of the unitholdings of the Substantial Unitholders who are interested in the SHLC Acquisition are as follows:

Unitholder	Direct Interest	Deemed Interest	% Interest ⁽¹⁾	Total Interest	% Interest ⁽¹⁾
Bridgewater International Ltd	55,000,000	-	19.89%	55,000,000	19.89%
Lippo Karawaci Corporation Pte Ltd ⁽²⁾	-	60,131,506	21.74%	60,131,506	21.74%
PT. Lippo Karawaci Tbk ⁽³⁾	-	60,131,506	21.74%	60,131,506	21.74%
Golden Rainbow International Limited	25,000,000	-	9.04%	25,000,000	9.04%
Raiffeisen Zentralbank Österreich AG	-	25,000,000 ⁽⁴⁾	9.04%	25,000,000	9.04%

Notes:

- (1) The percentage interest is based on total issued Units of 276,531,506 as at the date of this announcement.
 (2) Lippo Karawaci Corporation Pte. Ltd. is deemed to be interested in (i) 55,000,000 Units held by its wholly-owned subsidiary, Bridgewater International Ltd; and (ii) 5,131,506 Units held by Bowsprit Capital Corporation Limited.
 (3) Lippo is deemed to be interested in (i) 55,000,000 Units held by its indirect wholly-owned subsidiary, Bridgewater International Ltd; and (ii) 5,131,506 Units held by Bowsprit Capital Corporation Limited.
 (4) Raiffeisen Zentralbank Österreich AG is deemed to be interested in the 25,000,000 Units held by its wholly-owned subsidiary, Golden Rainbow International Limited.

As at the date of this announcement, Lippo, through its wholly-owned subsidiary Bridgewater International Ltd. and through its 80.0% interest in the Manager, holds an aggregate indirect interest of 21.74% in First REIT and is deemed to be a controlling unitholder of First REIT.

8.3 Directors' Service Contracts

No person is proposed to be appointed as a Director in relation to the SHLC Acquisition or any other transactions contemplated in relation to the SHLC Acquisition.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager at 1 Phillip Street, #15-00, Singapore 048692 from the date of the Unitholders' Circular up to and including the date falling three months after the date of the Unitholders' Circular:

- (i) the MRCCC SPA;
- (ii) the SHLC SPA;
- (iii) the MRCCC Master Lease Agreement;
- (iv) the SHLC Master Lease Agreement;
- (v) the full valuation report on MRCCC dated 4 October 2010 issued by W&R;
- (vi) the full valuation report on MRCCC dated 4 October 2010 issued by Rengganis;
- (vii) the full valuation report on SHLC dated 4 October 2010 issued by W&R;
- (viii) the full valuation report on SHLC dated 4 October 2010 issued by Damianus;
- (ix) the Independent Reporting Accountants' Report on the Profit Forecast and Profit Projection;
- (x) the Indonesia Healthcare Market Review Report by the Independent Healthcare Research Consultant, Frost & Sullivan;
- (xi) the FY2009 Audited Financial Statements;
- (xii) the 9M2010 Unaudited Financial Statements;
- (xiii) the Independent Indonesian Taxation Report by the independent Indonesian tax adviser; and
- (xiv) the letter from Stirling Coleman Capital Limited, being the independent financial adviser, to the independent Directors (being Mr Albert Saychuan Cheok and Mr Goh Tiam Lock) containing its advice in relation to the MRCCC Master Lease, the SHLC Acquisition, the SHLC Master Lease and the Whitewash Resolution.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as First REIT continues to be in existence.

10. FURTHER DETAILS

Further details, including the convening of the EGM to seek the necessary approvals from Unitholders, will be announced at a later date.

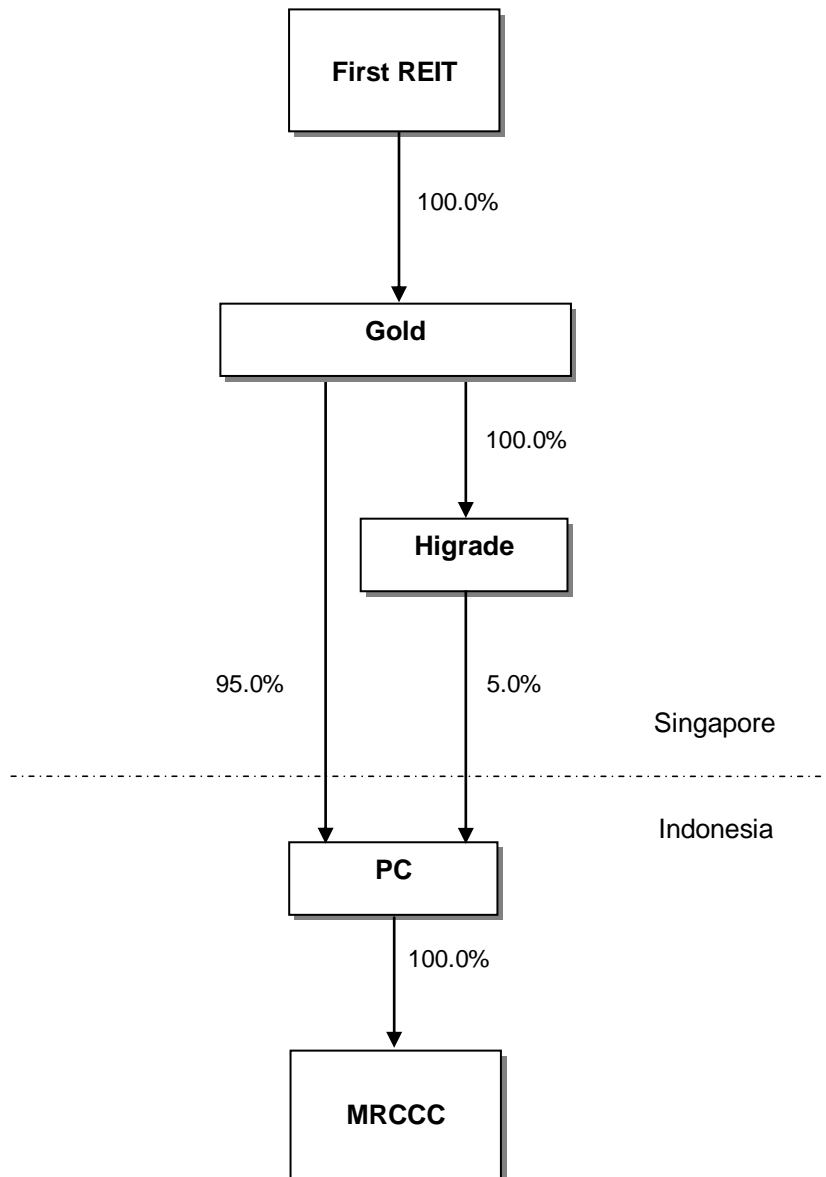
By Order of the Board

Dr Ronnie Tan Keh Poo
Chief Executive Officer
Bowsprit Capital Corporation Limited
(as manager of First Real Estate Investment Trust)
(Company registration no. 200607070D)

9 November 2010

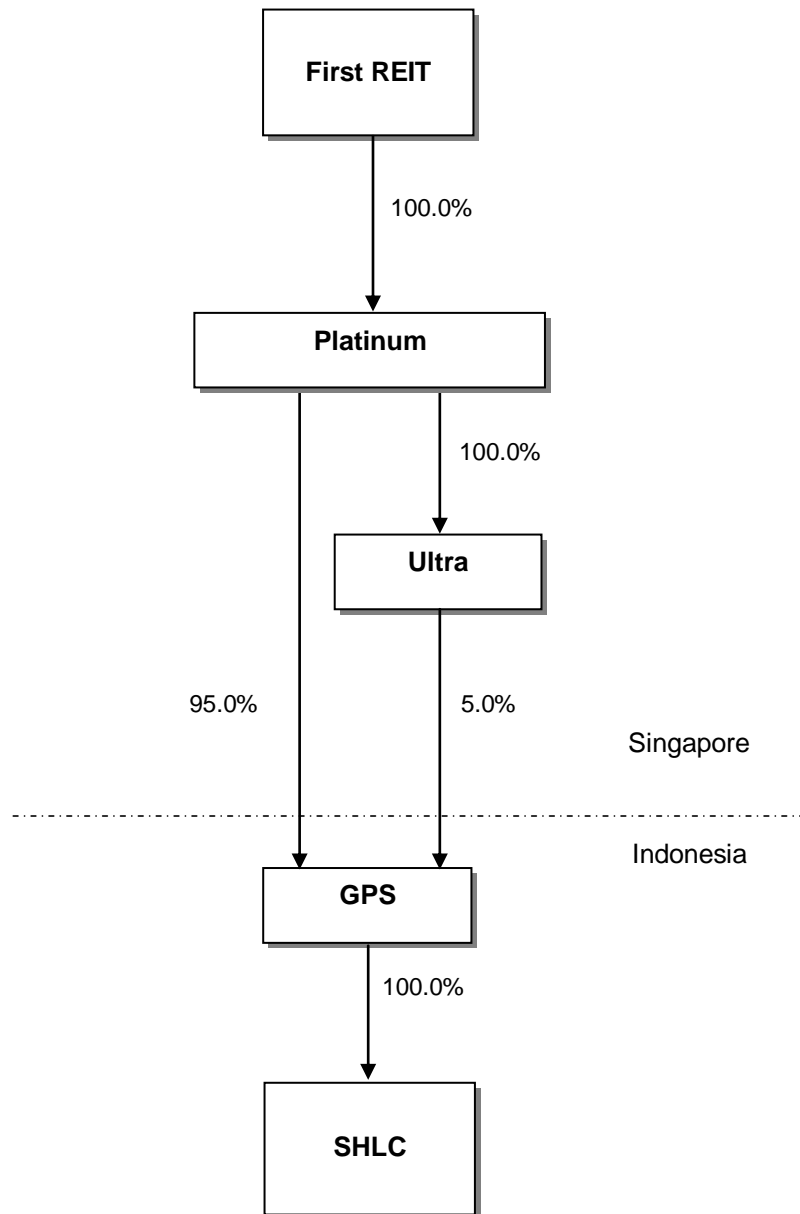
APPENDIX A

Chart illustrating the structure under which MRCCC is proposed to be held by First REIT upon completion of the MRCCC Acquisition



APPENDIX B

Chart illustrating the structure under which SHLC will be held by First REIT upon completion of the SHLC Acquisition.



Important Notice

The value of 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 may only deal in their Units through trading on 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.